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ANNUAL REPORT OF THE ADMINISTRATOR AND RELATED MATTERS

Follow-up to the United Nations Conference on Environment and Development

Report of the Administrator

I. PURPOSE

1. The present report is submitted to the Executive Board in response to paragraph 8 of Governing Council decision 93/12 of 18 June 1993.

II. BACKGROUND

2. The United Nations Conference on Environment and Development (UNCED) has had a significant impact on UNDP. Eighty-seven per cent of the country programmes in the fifth cycle includes components on environment and natural resource management and give greater attention overall to sustainable development.

3. Agenda 21 states clearly that the problems of poverty and environmental degradation are linked, as are their solutions. UNDP programmes at the country, regional and global levels are being designed to respond to this challenge through integrated approaches that focus on natural resource management as a means for improving the livelihood of the poor. Environmental overviews and assessments are included in most UNDP country programmes and projects. UNDP is seeking to integrate further the vision of Agenda 21 into its programme in the light of new challenges posed by changing global political and financial conditions. The need to deal with immediate crises diverts attention from longer-term processes of development. UNDP is emphasizing that priority attention must be given to preventive approaches and long-term development along with short-term relief efforts.

4. In promoting sustainable development UNDP focuses on people - their condition, their potential and their opportunities. The basic tenet is to enhance people's choices and to improve their living conditions. Human development will be successful only if it is people-centred, environmentally sound, participatory, and it if builds local and national capacity for self-reliance.

III. OVERVIEW OF PROGRAMME INITIATIVES

A. Strategies for sustainable development

5. The attempts in many countries to formulate sustainable and human development strategies have shown the common need for more holistic planning and conducive conditions. At the same time, there is a growing concern that the many requirements for action plans, strategies and profiles hamper effective coordination and implementation, and drain on already scarce resources.

6. UNDP is, therefore, conducting a series of country-specific studies that will analyse any existing planning framework, sector-specific plans that have been developed, who was instrumental in developing the plans, their "ownership" and how effectively the plans have been carried out. The studies are being undertaken in close consultation with the World Bank, the United Nations Environment Programme (UNEP), the World Conservation Union (IUCN), the International Institute of Environment and Development (IIED), the World Resources Institute (WRI), and bilateral donors. The analysis of these studies will help build better understanding of global needs and complexities of conceptual capacity-building.

7. Regional and country-specific seminars have been organized on natural resource accounting and integrated national accounts with the Statistical Division (UNSTAT) and on environment and trade with the United Nations Conference on Trade and Development (UNCTAD). The significance and importance of this area of competence for strategy development cannot be overemphasized.

B. Global programmes

8. UNDP continues to play an active role in the implementation of activities under the Multilateral Fund of the Montreal Protocol. UNDP is currently assisting 29 developing countries in the planning, preparation and implementation of country programmes, projects and sectoral activities to replace and phase out chlorofluorocarbons (CFCs), halons and other ozone-depleting substances. Project funding of $38.3 million was approved during the period 1991 to 1994. It is expected that the remaining 1994 approvals could increase this amount to $60 million. Nine Montreal Protocol country programmes have been approved, China and India being the major ones. Five technology transfer investment projects have been completed, phasing out 372 tonnes of CFCs.

9. The third and final year of the pilot phase of the Global Environment Facility (GEF) was dominated by restructuring and replenishment efforts. It is

anticipated that the GEF II Agreement will begin in 1994 with a commitment of $2 billion for the next three years. UNDP has been invited to continue serving as one of the three implementing agencies, focusing on capacity-building, pre-investment work and small grants. In the pilot phase, where responsibilities were similar, UNDP developed a work programme valued at $270 million, including 55 capacity-building projects and 19 pre-investment initiatives. The small grants programme was launched in 31 countries - more than 125 grants were awarded and more are being developed.

10. The United Nations Sudano-Sahelian Office (UNSO) has provided substantive support to the preparatory process for the Global Convention on Desertification, promoting regional and subregional consultations and giving technical support to the preparation of Africa's contribution to the convention.

C. Sectoral programmes

11. The Forestry Capacity Programme supports countries in the management of National Forest Programmes (NFPs) conducted according to the Forest Principles established by UNCED. Capacity-building should involve all partners in the NFP, including the Food and Agriculture Organization of the United Nations (FAO) and, in addition to institution-building, focus on strengthening capability in forest-sector planning and putting resulting plans into action. The Programme is supported by several do ors and is based on a set of criteria for participating countries. Support to NFPs concentrates on national capacity for broad involvement of stakeholders, an intersectoral approach, and efficient management and coordination of funding sources. There is close linkage with Capacity 21, including joint activities at the national level.

12. The principle thrust of the Capacity-building for Sustainable Water Sector Development programme is to assist countries to initiate capacity-building through assessments in the sector. Particular attention will be given to more effective water-sector management and to encourage integration between the water supply and sanitation subsector and the irrigation subsector.

13. The poverty/environment links to the traditional health-sector priorities will receive more emphasis in the future. Clean drinking water and sanitation activities will also continue to receive high priority within the linked areas of poverty and disease prevention. UNDP continues to support training of all levels of health personnel and improvement of management capacity.

14. The development of a sustainable energy strategy is one of the immediate initiatives in the present UNDP work programme. UNDP has at this point over 200 ongoing energy-related projects and several more that relate to a significant degree to energy.

15. Helping developing countries achieve sustainable food security is one of the primary objectives of UNDP and will become a significant programme actively collaborating with national agencies, FAO and other international institutions. UNDP aims to concentrate its investment in agriculture on alleviating hunger, to generate income and employment and to attempt to provide both greater service

and leadership. Sustainable agriculture is an important component although not the only one.

16. UNDP has several ongoing initiatives addressing the different problems of the urban environment as outlined in the annex.

D. Capacity-building programmes

17. Capacity 21 became fully operational in June 1993. To date, Austria, Canada, Denmark, Finland, France, Germany, Italy, Japan, Norway, Sweden, and the United States have pledged a total of $33 million. Further support is expected in 1994. National Capacity 21 programmes have been initiated in 21 countries and preparatory activities are under way in a number of others.

18. UNDP, in close cooperation with UNEP, has elaborated a programme for capacity-building in environmental law in Africa. This programme will be implemented in 1994. It is fully complementary to Capacity 21 programmes at the country level.

19. The UNDP Regional Bureau for Latin America and the Caribbean, in coordination with the Inter-American Development Bank (IDB), has sponsored the preparation of an overview of existing institutional capacity for sustainable development in the region, and suggests actions needed to strengthen this capacity.

E. Capacity-building through partnerships and participation

20. UNDP is an active participant in the Inter-Agency Committee on Sustainable Development (IACSD), using this forum for consultations with United Nations system partners. IACSD designated UNDP as task manager for capacity-building in the United Nations system.

21. The implementation of national agendas for sustainable development requires genuine participation of and ownership by the beneficiaries of development. UNDP has identified two main goals to this end: (a) to improve policy dialogue between Governments and organizations of civil society and (b) to meet major capacity-building needs of civil society.

22. Increased cooperation with indigenous people through their organizations and communities will ensure the continued application of the knowledge and customary practices of indigenous people.

23. Support has been given, through increased collaboration between the media and non-governmental organizations, for greater awareness in Asia and the Pacific of sustainable development issues, with a view to facilitating public participation in decision-making and policy formulation on these issues.

24. UNDP and several agencies, particularly FAO, UNEP and WHO, are collaborating on the production of a series of monographs on capacity-building

for sustainable development that will serve as reference material for Capacity 21 programmes.

25. The Children's Edition of Agenda 21 has been finalized and will be released in April 1994. It was developed through collaborative support from UNDP, UNEP, UNESCO and UNICEF under the coordination and lead role of an international non-governmental organization (NGO), the United Nations Educational, Scientific and Cultural Organization Peace Child International. The Children's Edition was written and illustrated by youth from approximately 100 countries.

26. UNDP supports a series of networking activities to strengthen local institutions, to share relevant and replicable experiences, and to demonstrate local solutions. Stakeholders, farmers, NGOs and community-based organizations (CBOs) are among the principal target groups (see annex).

F. Strengthening the ability of UNDP to support environment and development initiatives

27. The Environmental Management Guidelines and the companion training programme facilitate a consistent approach to environmental aspects of UNDP projects. By the end of 1993, a total of 80 workshops have been held, providing training for approximately 2,200 individuals, including representatives of Governments, United Nations specialized agencies, NGOs, the private sector, the media and academia. Training in the remaining 45-50 country offices remains a priority for 1994.

28. Forty-one new national posts for sustainable development advisers were filled in early 1994. The new national staff members will assist the field-office team and their respective countries of service with advocacy and integration of environmental considerations into UNDP-supported national activities, and promote and support specific initiatives such as the Montreal Protocol, Capacity 21, the Global Environmental Facility, the Sustainable Development Network and other special programme initiatives.

IV. EXECUTIVE BOARD ACTION

29. The Executive Board may wish to

Take note of the present report.

Annex

A. UNDP FACILITIES TO IMPROVE THE URBAN ENVIRONMENT

Urban Management Programme (UMP)

A global technical support programme designed to strengthen the contribution that cities and towns in developing countries make towards sustainable development, including economic growth, social development and poverty alleviation. UNDP provides core funding and overall monitoring, the United Nations Centre for Human Settlements (Habitat) (UNCHS) is the executing agency and the World Bank an associated agency.

Public-Private Partnerships for the Urban Environment

In partnership with the Business Council for Sustainable Development (BCSD), this initiative aims at promoting concrete interactions between the public and the private sectors, having NGOs and the academic/scientific community as relevant supporting elements. The objective is to help the formation of mixed capital companies aimed at the pragmatic formation of improvement of the urban environment with relation to waste management, water/sanitation and energy issues.

Local Initiative Facility for Urban Environment (LIFE)

The principal objective of LIFE is to promote "local-local" dialogue among municipalities, NGOs and CBOs to improve the quality of the urban environment. Through LIFE, developing countries and multilateral and bilateral donor agencies recognize the crucial role local authorities, NGOs and CBOs play in promoting sustainable urban environment and development.

Habitat II

UNDP is working closely with UNHCS to undertake preparatory activities for the United Nations Conference on Human Settlements (Habitat II). UNDP participated in both PrepCom meetings. In August 1994, UNDP and UNHCS are organizing the International Colloquium of Mayors as one of the preparatory activities for Habitat II.

Global Strategy for Shelter to the Year 2000

This programme is implemented in cooperation with UNCHS to assist Governments in developing and implementing policies concerned with the improvement of shelter conditions in developing countries.

B. UNDP FACILITIES TO FOSTER SUSTAINABLE DEVELOPMENT

Sustainable Development Network (SDN)

A global initiative launched in 1990 to make relevant country-specific information on sustainable development readily available to a wide range of development partners, including decision makers responsible for planning and implementing sustainable development strategies and CBOs. It is currently implemented in 8 countries with another 12 expected in 1994.

Sustainable Agriculture Networking and Extension Programme (SANE)

SANE is intended to have the non-formal sector lead with examples of community-based agro-ecological practices into the transformation of agricultural production approaches and resource conservation.

Farmer-Centred Agricultural Resource Management Programme (FARM)

FARM seeks to meet the needs of poor farmers in marginal lands in eight Asian countries using participatory approaches in the application of integrated pest management, safer pesticides, watershed management, farming systems, biotechnology and agroforestry.

Africa 2000 Network

The Africa 2000 Network is a pioneering UNDP programme to promote sustainable development in Africa by supporting community-based activities by people's associations and NGOs. It now operates in 13 countries. Almost 500 projects have been funded under the Network since its establishment, including 71 in 1993. Priority is being given currently to steps that will transform the Network from a UNDP project to an Africa-based, African-governed institution. The Canadian International Development Agency (CIDA) has just contributed an additional 1.6 million Canadian dollars to further this transformation and to provide support for other Network activities in the transitional period.

Asia-Pacific 2000 Network

Asia-Pacific 2000 is a subprogramme within the Urban Management Programme for Asia and the Pacific, receiving one quarter of the funds. Specifically it supports:

(a) Empowering the CSO infrastructure in addressing urban issues in an integrated manner;

(b) Promoting CSOs to develop local communities into self-driving entities in local development;

(c) Fostering dialogue between CSOs and local authorities.

Most recently UNDP is streamlining all small grants projects so that the same self-driven mechanisms at the national levels will achieve complementarities and cut down on administrative and financial services.

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ANNUAL REPORT OF THE ADMINISTRATION AND RELATED MATTERS

The role of UNDP in the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

Report of the Administrator

I. PURPOSE

1. In response to Governing Council decision 93/17 of 18 June 1993, the present report provides information on the role of UNDP in the development of Africa, and its activities in support of the United Nations New Agenda for the Development of Africa in the 1990s (NADAF) in particular. The report highlights two special UNDP activities in support of NADAF, the National Long-Term Perspective Studies (NLTPS) and the African Capacity-Building Foundation (ACBF), and outlines other UNDP activities in support of sustainable human development in the Africa region with respect to political and economic reforms, humanitarian assistance, private sector development and coordination, the environment, resources mobilization, human resources development and programme management.

II. NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990S

2. The recent economic history of Africa shows that while there have been periods of rapid economic growth, improvement in basic infrastructure and indicators of human development (health, education, life expectancy, nutrition), by and large have not been sustained. Today, of the 42 least developed countries (LDCs) 32 are in Africa and 18 of the 20 countries with the lowest human development indices (HDI) in 1993 were in Africa. The new Agenda for the Development of Africa in the 1990s was adopted by the General Assembly in its resolution 46/151 of 18 December 1991 to rally international cooperation in support of Africa's economic recovery and development.

3. During 1993, the UNDP contribution to NADAF included active support to the Secretary-General's Group of High-Level Personalities on African Development. A UNDP project: (a) provides follow-up and monitoring of networks and strengthening mechanisms for strategic-policy dialogue on Africa through the Economic Commission for Africa (ECA); (b) reinforces the capacity of the Special Coordinator of Assistance to Africa and the LDCs, in New York; and (c) supports "Africa Recovery" magazine to enable a wider coverage and dissemination of information regarding African development. UNDP supported the organization of the Tokyo International Conference on African Development, 5-6 October 1993, and is co-sponsoring follow-up workshops with the Governments of Japan and Indonesia. UNDP continues to support the establishment of the African Economic Community and the strengthening of selected subregional bodies and programmes.

4. The National Long-Term Perspective Studies Programme. The NLTPS, which aims at encouraging African countries to define broad national goals based on consensus to guide their long-term development over a 25-year horizon, became fully operational in 1993 with programmes under way in Cape Verde, Côte d'Ivoire, Guinea-Bissau, Mauritania, Mauritius, Senegal, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe. The mid-term review is being made available to the Executive Board as a conference room paper.

5. The African Capacity-Building Foundation. UNDP has given support to ACBF, which manages the $100 million fund of donors. It aims at strengthening regional and national capacities to formulate and manage national economic policies and programmes and to support the internalization of long-term development planning. As of the end of 1993, ACBF was supporting key training institutions in Benin, Guinea, Nigeria and Zimbabwe with operational work under way in other countries. The ACBF is undergoing a mid-term review in the first half of 1994 and the report will be made available to the Executive Board in due course.

III. TOWARDS SUSTAINABLE HUMAN DEVELOPMENT IN AFRICA

6. Areas requiring bold actions to achieve sustainable human development in Africa include changes in the formulation of a viable socio-political framework; more effort at enhanced economic development within the context of redressing the deteriorating environment in the region; developing human resources and institutional capacities; and more effective mobilization and utilization of domestic and external resources in support of African development.

Political framework for sustainable development

7. UNDP is supporting 24 countries in political transitions in Africa. The year 1993 revealed both prospects and weaknesses in current measures to achieve political transformation. Those experiences will enable UNDP to redefine and refine existing methodologies. In Benin, Central African Republic, Ghana, Niger and Senegal, multi-party pluralism appears to have gained a sound footing. Eritrea became independent and Ethiopia prepares for elections under a system of unprecedented decentralization. Other countries, including Central African Republic, Lesotho, Niger, Seychelles and Swaziland held elections; a successful referendum in Malawi resulted in a national consensus to adopt multi-party

democracy; South Africa has carried out full-fledged democratic elections; Côte d'Ivoire has achieved a peaceful constitutional transition.

8. These positive developments notwithstanding, several African countries continue to be plagued by conflicts and internal disturbances, resulting in emergencies requiring humanitarian assistance. In countries such as Burundi, Lesotho and Nigeria the democratization process has encountered setbacks. Armed conflicts rage on in Angola and Sudan. Somalia is yet to have a national government. The economies of the Congo, Liberia, Togo and Zaire were virtually paralysed by extended and intermittent periods of unrest. A governance programme that is being elaborated aims at supporting sustainable political systems and better governance in Africa and will provide the basis of continued UNDP support to all these countries.

Humanitarian assistance

9. The leading involvement of the United Nations system in humanitarian assistance has increased the role of UNDP in emergencies. While addressing humanitarian needs during periods of emergency, UNDP will continue to give priority attention to development activities in order to ensure that long-term development is not undermined during emergency situations. In 1993, UNDP supported or led needs assessment missions to several countries and participated in donor appeals led by the Department of Humanitarian Assistance (DHA) for Angola (US$ 226 million), Eritrea ($60 million), Liberia ($162 million), Mozambique ($609.7 million), Rwanda ($30 million) and Zaire ($84 million). For the first time, DHA also agreed to co-sponsor with UNDP a round-table conference on a humanitarian programme for Rwanda. Through Special Programme Resources (SPR), quick responses to emergencies have been facilitated through Resident Coordinators in Kenya, Liberia, Sierra Leone and Zaire. The plight of women and children in emergencies is receiving special attention. An inter-bureaux task force is working on an integrated area-based development programme targeted at the Horn of Africa.

Economic reform

10. A strong turn-around of African economies is needed to ensure sustainable development in the region. In 1993, African gross domestic product (GDP) is estimated to have grown by not more than 1.4 per cent, a figure which, while double the rate for 1992, still fell far short of the average population growth rate of 3.1 per cent and the target GNP growth rate of 6 per cent set under NADAF. Most of the 34 countries undertaking economic reforms in Africa faced implementation difficulties ranging from weaknesses in commitment and capacity to problems of simultaneous implementation of economic and political reforms. Notably, Botswana, Ghana, Mauritius and Uganda were among the few countries in 1993, a global recession year, to have achieved an average growth rate in excess of 5 per cent. The challenge for these countries is to sustain their economic turn-around to achieve sustainable human development. A 50 per cent devaluation of the CFA franc on 11 January 1994 is expected to go a long way to correct the macro-economic imbalances in the affected countries. The social impact of such a currency depreciation in so many countries at the same time is a challenge that must be addressed by the countries with their multilateral and bilateral development partners. UNDP will also be assisting and supporting these efforts.

Private sector development

11. The promotion of the private sector to increase its productivity, savings and investments is a key element for socio-economic growth. Yet in most African countries, even where economic reforms have been under way for a decade, the desired response from the private sectors has not been forthcoming. UNDP will be exploring new measures and mechanisms to build a stronger sense of partnership between the private sector and government in Africa.

12. Some private-sector initiatives have been successful, however. By the end of 1993, the African Project-Development Facility (APDF), co-sponsored by UNDP, the African Development Bank (AfDB), the World Bank, and bilateral donors, had completed 130 projects in 25 countries. The African Management Services Company (AMSCO), which supports management strengthening and training, restructured its programmes and got off to a good start. In 1993, UNDP undertook support to the Caisse française de développement in setting up an investment guarantee fund for West Africa. UNDP also financed through AfDB a feasibility study for the establishment of an African finance corporation and expects to launch in 1994 a scheme to promote small-scale enterprises during the remainder of the fifth cycle.

Aid coordination

13. In 1993, a round-table meeting, followed by sectoral consultations, was held for Burkina Faso. For the region as a whole, 13 sectoral consultations were held for countries that had their round-table meetings in 1992. By the end of 1993, 34 countries had commenced the national technical cooperation assessment and programmes (NATCAPs) exercise since its introduction in 1986. NATCAPs have reached different stages but most have finished the first, diagnostic stage and have prepared national policy frameworks. Six countries (Burundi, Gambia, Guinea, Guinea-Bissau, Mozambique and Swaziland) have completed the second and final phase of the exercise and have prepared technical cooperation programmes. Following this model, a number of countries in Europe and Latin America have also started the process. The challenge is to move more rapidly to phase II in most of the countries that may require review and simplification of the process and its implementation.

Human resources development

14. Poverty alleviation is the main focus of three quarters of UNDP programmes in Africa. In 1993, countries such as Botswana, Cameroon, Gambia, Guinea, Ethiopia, Madagascar, Malawi and Namibia took positive steps to operationalize the concept of human development. A regional programme has been approved to develop modalities, networking and institutional capacity-building to further UNDP gender programmes in Africa. Sustainable human development in Africa, however, will require that greater effort be directed at population management, education for all, especially that of females, and at meeting the basic health needs of the people, especially the threat of HIV/AIDS. UNDP is financing over 30 projects addressing the development implications of HIV/AIDS.

Environment

15. The environmental situation facing Africa embodies and reflects the various dimensions of development challenges of Africa - population pressures, poverty, low level of technology, etc. The solution to the environmental problems of the continent therefore requires national and regional programmes that seek to address the multifaceted nature of the problem which UNDP is addressing through: the United Nations Sudano-Sahelian Office (UNSO) in the case of desertification; the Africa 2000 Network, with regard to grass-roots responses; the Global Environmental Facility (GEF) with $54.7 million of programmes/projects in Africa; Capacity 21; the GEF NGO Small Grants Programme; and national indicative planning figures (IPF)-supported programmes. UNDP is a major partner in the search for sustainable solutions for Africa's environment within the framework of national environmental action plans.

Resources Mobilization and Management for Development

16. A major constraint on African development is the declining levels of development resources available to the region. The savings rate in the region, on average 6 per cent, is among the lowest in any region of the world while external assistance shows a declining trend. Net Official Development Aid (ODA) to Africa, which reached a peak of $25.7 billion in 1990, fell to $25.1 billion in 1991 and $24.8 billion in 1992. Foreign direct-investment flows to non-oil exporting African countries have averaged under $1 billion per annum and the stock of foreign investment declined from $23.3 billion in 1980 to $19.4 billion in 1990. Africa's total external debt, estimated at $300 billion in 1993 presents a debt-service ratio averaging a third of Africa's exports. The evidence points to possible further marginalization of Africa unless resource flows are enhanced greatly and a strategy of debt forgiveness and reduction is effected on a greater scale.

IV. PROGRAMME MANAGEMENT

17. Greater concentration has come about through greater thematic focus and the adoption of the programme approach, resulting in a 30 per cent to 50 per cent reduction in the number of projects. Continuous efforts were made to ensure that non-operational projects were closed as quickly as possible. Nearly 500 projects, from a total of 2,800 at the beginning of the year, are expected to be closed by the end of the financial year 1993. Although the number of projects has been reduced, the volume of resources executed by national authorities under the national execution modality is growing steadily in the Africa region. At the end of 1993, the records showed that over $50 million project funds were approved under national execution compared to $32 million in 1992.

V. EXECUTIVE BOARD ACTION

18. The Executive Board may wish to take note of the present report and determine the frequency of reporting on the New Agenda for the Development of Africa and/or UNDP programmes in Africa generally.

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PROGRAMME-LEVEL ACTIVITIES AND SPECIAL PROGRAMMES OF ASSISTANCE

Role of the United Nations Development Programme in humanitarian affairs

Report of the Administrator

I. PURPOSE

1. The present report describes the progress made (a) by the Disaster Management Training Programme in promoting capacity-building in the field of disaster mitigation; (b) in the substantive and technical role played by the United Nations Development Programme (UNDP) in support of the transition from relief through rehabilitation to sustainable human development; (c) in supporting resident coordinators in their role in this transition and in their emergency function; and (d) in cooperation with the United Nations Department for Humanitarian Affairs (DHA) and other organizations of the United Nations system.

II. DISASTER MANAGEMENT TRAINING PROGRAMME

2. The Disaster Management Training Programme (DMTP), co-managed by UNDP and DHA, is a national and international disaster mitigation and capacity-building mechanism. This programme, with the assistance of professional disaster management institutions, has developed sophisticated, well-structured training modules that cover the major categories and phases of natural disasters and complex emergencies. Since its inception in 1991, 40 trainers from UNDP, DHA and United Nations organizations have had their skills upgraded and six regional cooperating institutions now implement training programmes as executing agencies. Twenty-eight workshops have been held and attended by nearly 1,500 participants from national governments, non-governmental organizations (NGOs), United Nations organizations, regional institutions and bilateral donors.

Follow-up projects, with support from Special Programme Resources (SPR), are being implemented in 15 countries.

3. The first phase of the DMTP will come to an end in mid-1994. A mid-term review and an internal evaluation has been completed. UNDP and DHA staff, together with a team of international experts, are currently preparing the second phase of the programme - MARK 2 - which will build on previous experience by reinforcing the importance of building national capacity for disaster prevention, mitigation and management. Over the past year, UNDP and DHA have broadened their DMTP partnership and included the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), the Office of the United Nations High Commissioner for Refugees (UNHCR), the World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO) in the design and formulation of the next phase of the programme.

III. SUBSTANTIVE AND TECHNICAL ROLE OF UNDP IN THE RELIEF-TO-DEVELOPMENT CONTINUUM

4. Through its network of field offices, and with headquarters support, UNDP has been heavily involved in reconstruction and rehabilitation work in countries affected by both natural disasters and complex emergencies. Recovery projects aimed at addressing problems of drought, floods, earthquakes, volcanic eruptions or typhoons have been successfully implemented. In post-conflict and complex emergencies, UNDP has led numerous rehabilitation programmes in Central America, Cambodia, Mozambique and Somalia, where several of the more complex problems have been addressed. These have included preparation of national plans for reconstruction, re-establishment of national planning capacities, reintegration of returnees and internally displaced persons, demobilization of militia and their return to normal social and economic life, demining as a prerequisite for agricultural development, rehabilitation of water supply systems and reconstruction of houses and settlements.

5. The increase in the number and severity of man-made disasters has highlighted the plight of war-torn societies and the demands on the international community in general, and the United Nations in particular, for efficient and effective responses to the difficult processes from relief through rehabilitation to sustainable human development. These new and growing demands, already echoed by the Governing Council, require UNDP to continue development of its substantive and technical capacity for support to these efforts.

6. In cooperation with the Government of Switzerland, the Administrator has formed a group of eminent consultants who are currently preparing a study on the UNDP role in the relief-to-development continuum. Several countries have been visited and interviews conducted in the field with hundreds of officials and specialists from governments of affected countries, United Nations organizations, international financial institutions, bilateral donors, NGOs and academic institutions. This study will be completed in April 1994. The Administrator will inform the Executive Board later this year of its findings as well as his recommendations for UNDP policy and operational guidelines.

IV. ROLE OF RESIDENT COORDINATORS IN EMERGENCIES

7. The Administrator has further reinforced the process of selecting well-qualified, experienced, senior staff members for the position of Resident Coordinator in either complex emergencies or in seriously disaster-prone countries. These efforts are in direct response to General Assembly resolution 46/182 of 19 December 1991, which, in paragraph 39 of the annex states, inter alia, that "the resident coordinator should normally coordinate the humanitarian assistance of the United Nations system at the country level". The Administrator and the Humanitarian Programme are cooperating closely with DHA in this regard and the Administrator has expanded the pool of eligible candidates with qualified staff from other operational agencies. Most recently, for example, the UNDP Resident Representative and United Nations Resident Coordinator in Bangladesh has come from UNICEF and the same position in Angola is now filled by a former WFP staff member. Former UNDP staff members are serving as Humanitarian Coordinators in Somalia, Mozambique, Iraq and other places.

8. The complex and demanding responsibilities of disaster management and coordination have made it necessary to maintain a streamlined structure with the Resident Coordinator undertaking responsibilities as the Humanitarian Coordinator and, reporting in that capacity, to the Under-Secretary-General for Humanitarian Affairs. It is also necessary to maintain close consultation with DHA and United Nations operational agencies in selecting candidates for that position who enjoy the full confidence and support of the system as a whole.

9. UNDP country offices are always in the forefront of responses to emergencies. The Resident Representative/Resident Coordinator can mobilize the necessary support in response to a natural disaster of relatively short duration. However, in complex emergencies, particularly when emergency support units are established and the consolidated appeals process launched, UNDP financial and human resources are often overstretched. In addition to more active responses by other operational agencies, UNDP is examining new and innovative measures to provide appropriate support for its offices in such countries.

V. COOPERATION WITH DHA AND OTHER UNITED NATIONS ORGANIZATIONS

10. The Inter-Agency Standing Committee, under the chairmanship of the Under-Secretary-General for Humanitarian Affairs, has formed two inter-agency working groups to examine the role of the United Nations system in the relief-to-development continuum. UNDP is chairing and providing substantive and organizational support for Working Group I, dealing with the operational framework for the role of the United Nations system in the relief-to-development continuum. The Working Group has had three sessions and will complete its work at the end of March 1994.

11. UNDP maintains excellent and close cooperation with DHA in all humanitarian affairs matters and fully supports and assists DHA in its lead role in coordinating relief and other humanitarian operations in affected countries. UNDP also cooperates fully with the Department for Political Affairs and the

Department for Peace-keeping Operations of the United Nations Secretariat, as well as with the United Nations Security Coordinator.

VI. EXECUTIVE BOARD ACTION

12. The Executive Board may wish to:

Take note of the present report.

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PROGRAMME-LEVEL ACTIVITIES AND SPECIAL PROGRAMMES OF ASSISTANCE

Programme of assistance to the Palestinian people

Report of the Administrator

I. PURPOSE

1. The present report contains an account of the activities of the Programme of Assistance to the Palestinian people during 1993, including its dramatically changing financial situation, programme delivery and strategy, operational highlights and the coordinating role played by UNDP.

II. FINANCIAL SITUATION

2. The core resources of the Programme have been provided by the Governing Council through the allocations from the Special Programme Resources. These allocations are the following:

Second cycle	(1980-1981)	$ 3.5 million
Third cycle	(1982-1986)	$10.0 million
Fourth cycle	(1987-1991)	$12.0 million
Fifth cycle	(1992-1995)	$10.5 million a/

a/ Represents 70 per cent of the original SPR earmarkings.

3. Since the inception of the Programme, complementary resources have been provided by Canada ($1.0 million), Greece ($80,000), Italy ($23.3 million), Japan ($13.5 million), Jordan ($457,000), Norway ($2.0 million), Tunisia ($48,000), the United States of America ($6.0 million), and the Arab Gulf Programme for United Nations Development Organizations ($1.0 million). These

non-core resources have been provided in various forms, including in-trust arrangements as well as individual management service agreements.

III. PROGRAMME DELIVERY AND STRATEGY

4. The Programme of Assistance to the Palestinian People achieved a substantially increased level of expenditures in 1993 over the previous years. Overall objectives of the Programme evolved throughout the year in response to the rapidly changing political situation and especially the signing on 13 September 1993 in Washington of the Declaration of Principles between the Palestine Liberation Organization and the Government of Israel.

5. The Programme strategy in 1993, formulated in full collaboration with Palestinian counterparts, focused on four primary development areas. The first of these represents a concerted effort to support the development of managerial and technical capabilities in the public sector, especially in the emerging central governance institutions. UNDP has extended assistance to the newly established institutional structures to enable them to rise to their substantive political and economic challenges. The second area of focus is to stimulate and encourage economic development, particularly in the field of industry, commerce and trade, agriculture and tourism. Human development, the third area, seeks not only to alleviate poverty, but to narrow the social, economic and gender gaps in the West Bank and the Gaza Strip. The fourth strategic development objective, the protection and management of the environment, represents a very significant part of overall Programme activities and effort.

IV. OPERATIONAL HIGHLIGHTS

6. UNDP provided technical cooperation to emerging national governance institutions, such as the Palestinian Bureau of Statistics, to facilitate the assumption of managerial and technical functions. Support by UNDP to local public institutions, for example municipalities and water departments, enhanced their capacities to improve the delivery of public services.

7. The Programme launched a number of projects in 1993 with the aim of economic expansion and employment generation. Six industrial companies benefited from the Business Development Centre (BDC) revolving loan fund. These relatively large loans will translate into greater economic productivity in the industrial sector, more employment, and positive effect throughout the economy. The BDC also provided technical cooperation to the Palestinian Chambers of Commerce and to vocational training institutions through advisory services. In the agricultural sector, the Modern Irrigation Project provided nearly 600 farmers in the Gaza Strip with irrigation equipment and training to enable them to save water and increase productivity in a cost-effective manner.

8. The start-up of the Integrated Rural Development Project in 1993 was a significant community-based effort towards the goal of sustainable human development. Two villages in the northern West Bank were selected, on a pilot basis, for this project, which aims to alleviate poverty, upgrade health and education services, and improve water and sanitation systems in these rural

areas through infrastructure development and integrated training programmes. The completion of the Princess Alia Hospital in Hebron and the start of construction on the Beit Jala Hospital are bringing expanded and improved health care facilities to the West Bank. Ambulances, medical equipment, and assistance to the handicapped were also provided to various health institutions by the Programme. The construction of nine schools, many of them in rural areas, allowed better access to education facilities, particularly for girls, improved the physical classroom environment, and reduced the teacher-student ratio. The integration of women into the economy and their empowerment in governance structures have continued to be a main thrust of the Programme. UNDP launched a project that particularly targets women and their promotion in the Palestinian society and economy. The project plays an important coordination role among the various women's community-based organizations. After the signing of the Declaration of Principles, this initiative assumed even greater importance as Palestinian women redoubled efforts to assure an equitable position in the formulation of state and legal structures.

9. In 1993, the Programme worked extensively in the area of environmental management and protection through infrastructure projects, public awareness campaigns, and training programmes. UNDP designed and began construction of water distribution networks to improve the quality and quantity of the water supply to 20,000 residents of the old city of Nablus and nearly 100,000 residents of Rafah in the Gaza Strip. An ongoing project to upgrade the provision of water services to rural areas continued, providing running water to locals and households throughout the West Bank. A project to deepen and upgrade the well at Ein Samia in the central region was completed in 1993, providing 200,000 residents with a better and more reliable water supply. Sewage collection network projects continued and expanded in Bethlehem and the northern Gaza Strip. UNDP launched the Water Resources Action Programme in 1993, to coordinate the efforts of a task force of Palestinian professionals to plan for and manage the water resources of this region. A very important outcome of this project is expected to be a trained, well-organized Palestinian resource management team at the national level.

V. UNDP ROLE IN COORDINATION

10. Throughout 1993, the involvement of United Nations specialized agencies increased in development activities in the Occupied Palestinian Territories. UNDP played a central coordination and support role to the work of United Nations agencies such as the Economic and Social Commission for Western Asia (ESCWA), the United Nations Centre for Human Settlements (UNCHS) (Habitat), the International Labour Organization (ILO), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Educational, Scientific and Cultural Organization (UNESCO). The World Food Programme (WFP), in close cooperation with UNDP, launched a $3.4 million project for emergency food assistance to the non-refugee population of the Gaza Strip. A joint project between UNDP, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and UNICEF was initiated in 1993 in the context of the work of the Multilateral Working Group on Refugees to improve and expand community centres serving children and youth. UNDP provided logistical support to a multidisciplinary ILO mission in October 1993 to explore

modalities of future ILO involvement. The Programme, furthermore, provided considerable logistical and advisory support to the World Bank missions to the West Bank and Gaza Strip throughout 1993. Close working relationships have also been established with the recently established Palestinian Economic Council for Development and Reconstruction. In addition, the Administrator represented the Secretary-General as head of the United Nations delegation at the Conference on Middle East Peace, which took place in Washington on 1 October 1993.

11. During the conference, the Administrator presented a report entitled "Supporting the Transition: An Immediate Response of the United Nations to the Interim Period in the West Bank and Gaza Strip", which emphasized the existing capacity of the three United Nations organizations (UNDP, UNICEF and UNRWA) having an active operational presence in the West Bank and Gaza Strip. The report proposed that the three organizations could quickly undertake an additional $138.5 million in special programmes and activities to help maintain and improve services in areas over which Palestinians would assume responsibility as envisaged in the Declaration of Principles. Several participants in the Conference, at which over $2 billion in external assistance over a five-year period was pledged to the West Bank and Gaza Strip, made reference to the important role of United Nations organizations, including that of UNDP. Immediate efforts were initiated by UNDP to mobilize over $80 million in programmes for implementation over the 18-month period following the Conference. Thanks to the generosity of a number of donors, these efforts are showing encouraging results. They will make the Programme of Assistance to the Palestinian People one of the largest UNDP undertakings. Consequently, the Administrator has set in motion urgent measures to strengthen the programme's capacity, both in the West Bank and Gaza Strip as well as at headquarters, in order to prepare for its quickly expanding role.

12. UNDP continued to expand the initiative towards greater information exchange and cooperation between bilateral and multilateral donors. The second Compendium of Ongoing Technical Assistance Projects in the Occupied Palestinian Territories was published by UNDP in July 1993 and widely circulated. The Programme continued to coordinate sectoral working groups in the field of environment, health and the promotion of women in development.

13. At the request of the Office of the Secretary-General, the Director of the Programme participated in United Nations delegations to the Multilateral Working Groups of the Middle East peace process.

VI. EXECUTIVE BOARD ACTION

14. The Executive Board may wish to:

(a) Take note of the present report; and

(b) Express its appreciation to the contributors to the Programme of Assistance to the Palestinian People and appeal for additional funding resources.

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COUNTRY PROGRAMMES, MID-TERM REVIEWS AND RELATED MATTERS

Advancement of the fifth country programme for the United Republic of Tanzania

Report of the Administrator

I. PURPOSE AND BACKGROUND

1. The present report is submitted to the Executive Board in accordance with section II of Governing Council decision 93/20 of 18 June 1993.

2. The concerns expressed by some delegations on the fifth country programme for the United Republic of Tanzania at the fortieth session of the Governing Council related mainly to the lack of focus of the programme and the difficulty of assessing its impact. Specific comments on the programme were put forward; the comparative advantage of UNDP in the area of HIV/AIDS in the country was questioned; the participatory approach was said to need reorientation; a review of the use of expatriates as project personnel was suggested; the success indicators presented were considered too broad; and assistance to public-sector reform and non-conditionality of UNDP assistance was felt to need further thought.

II. POLITICAL AND ECONOMIC TRENDS

3. In assessing the role of UNDP in the United Republic of Tanzania and the fifth country programme in particular, several aspects have to be taken into consideration. The technical cooperation and capital assistance needs of the country are huge. Donor assistance is in excess of $1 billion annually, amounting to 35-40 per cent of the gross domestic product (GDP). About 25 per cent of the overall aid consists of technical cooperation, of which UNDP resources fund 6 to 7 per cent. Income and Government revenue, on a per capita basis, are among the lowest in the world. A total of 80 per cent of the

development budget and 40 per cent of the recurrent budget are financed from donor resources. The Government faces the difficult task of implementing the total restructuring of its economy from a state-led to a market-led orientation against a background of a rapidly expanding population, weak productive and social sectors and an inefficient civil service.

III. COUNTRY PROGRAMME

4. Following Governing Council decision 93/20, UNDP initiated a process of intensive and regular consultations with the Government, United Nations specialized agencies and donors to review the country programme. During these meetings, strategies, programmes and projects were reassessed.

5. These consultations led to considerable improvement of the coordination mechanisms. Consultative meetings now take place on a regular basis, including monthly meetings with the Planning Commission and the Ministry of Finance on the implementation of the country programme; sectoral meetings are also held with donors. This approach has reinforced complementarity among donors, and generated cost-sharing possibilities.

6. The five areas of concentration have been reduced to four: macroeconomic management; human resources development; national income-generation programme; and natural resource management. The health/HIV/AIDS programme has been included under the human resources development area. The total number of projects has been reduced; 17 projects were closed in 1993 and an additional 24 projects will be closed in 1994. These measures have brought greater focus to the programme.

7. National execution has been adopted in almost all the programmes. The training of national counterparts has resulted in increased hiring of national experts. At present, approximately half of the experts, including United Nations Volunteers (UNV) specialists working in UNDP-supported projects are nationals. By the end of the fifth cycle, an even greater share of national professionals is expected.

8. The approach to the Civil Service reform programme was revised during consultations with donors and the amended programme was launched at the end of 1993. The programme is co-sponsored by the World Bank and the Official Development Assistance (ODA) of the United Kingdom. Better performance of the socio-economic planning machinery, in particular the rolling plan and forward budgeting system, improvement in macro-financial management, as well as improved performance of the Civil Service are expected.

9. In the area of HIV/AIDS, UNDP is collaborating closely with the World Health Organization (WHO), UNICEF and other donors. The main contribution has been the assistance to the preparation and implementation of the second national mid-term HIV programme of Tanzania. In 1992, UNDP had previously co-sponsored a donor meeting in support of the HIV/AIDS National Mid-Term AIDS Control Programme, which resulted in pledges of US$ 42 million, including US$ 5 million from UNDP.

10. Lastly, the Government and UNDP launched the National Income-Generation Programme in 1993 as a five-year, two-phased programme of action to create and expand sustainable income-generation projects in the agriculture, infrastructure and micro-enterprise sectors. The programme is designed to carry out the Government's national employment policy, using the private sector for project execution, programme management and training. A successful high-level donor conference was held in November 1993, which resulted in pledges of US$ 27 million from donors.

11. The programme review has also led to a sharper definition of performance indicators. The economic management programme will contribute to (a) a more effective planning machinery and more efficient rolling plans and forward budgets; (b) improved financial management systems and revenue collection; and (c) a smaller, yet more efficient, Civil Service. The human resources development programme will improve donor-government coordination in revamping the educational sector and will strengthen national capacity to reduce HIV/AIDS transmission and mitigate its socio-economic impact. The national income-generation programme will lead to higher employment creation by promoting small- and medium-scale business development in four regions: Dar-es-Salaam, Arusha, Mwanza and Zanzibar. Finally, the natural resource management programme seeks to reinforce national capacity to manage natural resources efficiently. Special attention will be given to building sustainable human settlements and ensuring food security. Specific and quantifiable benchmarks are being designed in each area of concentration to allow for a better monitoring of progress and achievements.

IV. EXECUTIVE BOARD ACTION

12. The Executive Board may wish to:

Take note of the present report.

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COUNTRY PROGRAMMES, MID-TERM REVIEWS AND RELATED MATTERS

Impact of the enabling environment of the Sudan on the implementation of the fourth country programme

Note by the Administrator

I. PURPOSE

1. The present report has been prepared to facilitate the policy review by the Executive Board of the fourth country programme for the Sudan in pursuance of Governing Council decision 93/20 of 18 June 1993.

II. SUMMARY OF THE COUNTRY PROGRAMME

2. The three areas of concentration of the fourth country programme are: (a) sustainable rural development; (b) promotion of food security; and (c) strengthening the national capacity to manage development and to implement macroeconomic reform.

3. The first two objectives account for 92 per cent of the resources available during the country programme period. The Area Development Scheme programme is the mainstay of the sustainable rural development objective. It consists of a long-term pilot approach to poverty alleviation in th Sudan, reaching about 1 million people in more than 1,000 villages. The locations of the five Area Development Schemes were selected from among the poorest areas of the Sudan with a potential for economic development.

4. An independent evaluation of the Area Development Scheme programme in December 1992 confirmed that it is appropriate in the Sudan. The evaluation noted that the efforts to empower rural communities to become self-reliant have taken root.

5. Sustainable rural development and the promotion of food security require a mix of inputs and governmental and non-governmental structures able to assimilate them. Other activities, in areas such as regional planning, labour-intensive public works, vocational training, small-scale enterprise development, renewable energy and the environment are therefore incorporated under these objectives.

III. ASSESSMENT OF THE ENABLING ENVIRONMENT

A. General situation

6. The Sudan continues to face an extremely difficult economic situation, characterized by rampant inflation, high unemployment and sizeable budgetary and balance-of-payments deficits. The policy measures enacted in 1992 to revitalize the economy through floating the currency, privatizing public enterprises and creating incentives to producers and exporters have not had the expected impact.

7. The external resources the Government hoped would be attracted by the economic liberalization policies have not materialized. In February 1994, the World Bank announced that it would stop all disbursements against approved loans and close its small liaison office located in the UNDP country office.

8. Owing to the continuing civil strife in the southern third of the country, UNDP-supported development activities have so far been confined to the north.

9. Communications continue to be a major problem, with limited progress being achieved. The only reliable communication system is by radio. Rail transport is improving under the Sudan Railways Corporation's emergency recovery programme.

B. Sustainable rural development

10. Two thirds of the country's population depends on agriculture for its livelihood. About 85 per cent of the rural population (some 15 million) live below the poverty line. Sustainable development in the Sudan must therefore focus on rural areas threatened by the recurrent droughts that are a major cause of migration to urban areas.

11. Local governments are now in control of their revenues and expenditures. This move strengthens UNDP-financed efforts to develop sub-national capacities to plan, initiate and support participatory rural development programmes, starting at the village level.

12. To address environmental problems, the Government has established the Higher Council for the Environment and Natural Resources. As part of UNDP support to environmental conservation, a pilot project approved in 1993 will strengthen the capacity of local government in two of the five Area Development Scheme locations.

C. Food security

13. The continued priority given to agriculture resulted in production exceeding the country's needs of sorghum - its main staple - by one third in 1992-1993. The wheat harvest met nearly all domestic needs. Sorghum and wheat production probably fell in 1993-1994, as a result of much less favourable climatic conditions.

14. The 1992 improvement in food security was less than that in food production, mostly because of transportation and storage problems. The national grain storage capacity of 1.8 million tons will increase by an additional 155,000 tons through the continued construction of large silos, financed by the Agricultural Bank of Sudan.

15. In June-August 1993, locust infestations were reported in Kordofan and Darfur, threatening agricultural output. Food and Agriculture Organization of the United Nations (FAO)-supported rapid control operations averted a major crisis.

D. Strengthening the national capacity to manage development and to implement macro-economic reform

16. As noted in section A, the general economic environment is not favourable. There is little incentive for the Government to continue its macro-economic reforms in the absence of financial support from the World Bank group, the International Monetary Fund (IMF) and bilateral donors. The latter have largely stopped all development assistance, preferring to concentrate on emergency and relief assistance.

III. PROSPECTS FOR AREA DEVELOPMENT SCHEMES IN THE SOUTH

17. Following discussions with the Government, Wau, the capital of Bahr-el-Ghazal state, was chosen as a possible location for an intervention along the lines of an Area Development Scheme. The focus of that intervention should be on improving food security, which is a clear priority for the town's population. It is clear that operational and logistical constraints will considerably raise the costs and time for achieving the objectives. A project formulation mission visited Wau in March 1994 to design a pilot intervention for duplication in other areas of the south, as the security situation permits.

IV. OVERALL OBSERVATIONS AND CONCLUSIONS

18. UNDP has been able to demonstrate that its activities in the Sudan are of direct benefit to low-income groups in rural areas; by building local management capacities, the targeted populations have been able to direct their development efforts even in the most difficult enabling environment. The Area Development Scheme programme emphasizes the application of various models of participatory

development on a pilot basis to ascertain the potential for replication and adaptation in the rest of the country.

19. Supporting the rural poor contributes to the reduction of social tensions. By mobilizing and organizing communities to participate in making and implementing decisions that affect their lives, the country programme helps to create a participatory political culture at the grass-roots level. By empowering villages to become self-reliant and food-secure, it helps them to avoid starvation or dependence on relief in a sustainable manner.

V. EXECUTIVE BOARD ACTION

20. The Executive Board may wish to take note of the present report.

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COUNTRY PROGRAMMES, MID-TERM REVIEWS AND RELATED MATTERS

Assistance to the Union of Myanmar

Note by the Administrator

1. The present report summarizes the actions taken by the Administrator to implement Governing Council decision 93/21 of 18 June 1993.

I. ASSISTANCE TO MYANMAR FROM JULY 1993 TO DECEMBER 1994

2. In his report on assistance to Myanmar (DP/1993/60), the Administrator provided an account of the successful implementation of Governing Council decision 92/26, in which the Council requested an in-depth review of the fifth country programme for Myanmar; he also sought the release of $40 million from the fifth cycle indicative planning figure (IPF) resources to carry out UNDP technical cooperation activities in the country. The Council, recognizing that there were critical humanitarian and basic human development needs of all the people of Myanmar which require focused external assistance, approved, in its decision 93/21, an expenditure of up to $18 million from fifth cycle IPF allocations to continue UNDP assistance during the 18-month period to December 1994. In the same decision, the Council decided that UNDP assistance should be clearly targeted towards projects having grass-roots level impact in a sustainable manner, particularly in the areas of primary health care, the environment, HIV/AIDS, training and education and food security. Total resources available to implement decision 93/21 thus amounted to $25.6 million, including $7.6 million released from fourth cycle resources following the in-depth review of the fifth country programme requested by the Council. In paragraph 4 of its decision 93/21, the Council requested the Administrator to continue to approve assistance to Myanmar on a project-by-project basis and to present to the Council a report on the status of approval and implementation of new projects and recommendations for future programming, for its review at its forty-first session (1994).

II. STATUS OF APPROVAL AND IMPLEMENTATION OF THE 1993-1994 PROGRAMME

3. Immediately following Governing Council decision 93/21, the broad parameters of an initial package of assistance were developed in July 1993 in order to address the most immediate human development concerns in the areas stressed by the Council, within a cohesive and convergent United Nations system-wide effort. In August to September 1993, a special formulation mission consisting of international and national staff and experts of the United Nations Children's Fund (UNICEF), the Food and Agriculture Organization of the United Nations (FAO), the World Health Organization (WHO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) developed the details of this overall package. Throughout the formulation process, the mission met directly with communities, village leaders, non-governmental organizations (NGOs), and local officials in each of the target townships. Bilateral donor and other embassies were fully briefed.

4. The package developed is entitled the Human Development Initiative since it is clearly designed to address poverty, promote a sustainable utilization of natural resources and directly involve, and strengthen the capacity of, the communities in their own development. It consists of 15 separate but mutually linked projects entirely in the areas stressed by the Governing Council. The package aims for a synergistic impact, and activities are to be concentrated on: (a) three primary geographic zones, each with a varying mix of ethnic, socio-economic and ecological profiles (Ayeyarwaddy Delta, Dry Zone and the Shan State); within these priority zones, specific townships have been selected based on criteria indicating high levels of human needs; (b) two remote areas (Chin and Rakhine), where quick impact projects will address essential primary health-care, water and sanitation, education and income-generating needs; (c) health-promotion efforts with wider national coverage and impact on the lives of people also outside the specific target regions; (d) training at various operational levels to ensure sustainability of impact; and (e) overall management, coordination and monitoring of the activities through logistical and substantive support.

5. Human development indicators that were considered in selecting communities and locations included infant and maternal mortality rates, gender-differentiated information, water/sanitation availability and quality, income measures, environmental issues, and Education for All concerns such as enrolment and retention rates, teacher-pupil ratios, school accessibility and facility. The areas and populations chosen are far from major urban centres.

6. The Human Development Initiative, in its overall coverage, is an optimal, fair and reasonable response to critical humanitarian concerns in Myanmar. The limited UNDP resources currently made available cannot, however, address even a small part of the overall needs, nor can these needs be met by the modest external resources available from other sources. This further emphasizes the need for full coordination, cohesion and convergence of inputs and efforts by all United Nations agencies. This convergence has been actively promoted and successfully pursued. The package, developed in full consultation and collaboration with other United Nations agencies (UNICEF, the United Nations Population Fund (UNFPA), FAO and WHO, and more recently the Office of the United

Nations High Commissioner for Refugees (UNHCR) and the World Food Programme (WFP) will complement their ongoing efforts. The projects will be executed by designated United Nations agencies within their sphere of competence and expertise. It has been ensured that local administrations, in the townships, will fully collaborate and assist in their implementation. The Human Development Initiative package has also benefited from increasing interest of national and international NGOs, who will be associated in the implementation of several projects. The planning and implementation of Human Development Initiative interventions will be based on full participation of beneficiaries in order to increase ownership and sustainability. Community development workers will be recruited under the Human Development Initiative.

7. The 15 projects included in the Human Development Initiative share the following common objectives towards achieving human welfare:

(a) Adherence to international human development strategies and goals developed within the United Nations system;

(b) Emphasis on poverty alleviation for sustainable human development;

(c) Gender differentiation in target setting;

(d) Incorporation of environmental sustainability concerns;

(e) Application of participatory development concepts;

(f) Enhancement of community knowledge, through training and information sharing;

(g) Convergent programming with other United Nations agencies;

(h) Strengthened partnerships with national and international NGOs;

(i) Synergistic impact through programme concentration in priority areas.

8. As stated earlier, all Human Development Initiative projects will be executed by different United Nations agencies and involve different sector counterparts. In order to ensure a fully coordinated programme strategy, as well as synergy in implementation and provision of inputs to the communities, a central support project, with staff in the participating townships, will facilitate data gathering, needs assessment, training and support to communities and provide logistics support. Regular monitoring at the community level by the UNDP field office and each of the executing agencies will be ensured. Joint evaluations by United Nations agencies will be undertaken periodically.

9. The overall package as a framework and each of the individual projects were reviewed in depth in UNDP headquarters. On the basis of this review and in accordance with paragraph 4 of Governing Council decision 93/21, the Administrator has approved 14 projects during the period December 1993 to February 1994. The fifteenth project concerning HIV/AIDS is planned to be formulated in mid-1994, taking into account the conclusions of an in-depth evaluation of an ongoing HIV/AIDS project.

10. From September 1993 to early 1994, preparatory implementation arrangements were undertaken by the country office to ensure rapid start-up. The 14 projects approved by the Administrator have commenced full implementation and their progress will be reported on in the statement introducing the present report at the meeting of the Executive Board. Already, national staff under the projects, most of whom are returning former United Nations Volunteers (UNV) specialists, have been posted to each township and have initiated contacts with recipient communities. An outline of important aspects of all the 15 projects in the Human Development Initiative package is attached as annex I. The total financial allocation for all of these projects is $27 million, with most of the allocation expected to be delivered before the end of 1995.

III. FUTURE PROGRAMMING

11. Based on its initial experience of the package of projects described above and the progress of their implementation, UNDP is currently continuing its assessment of the critical humanitarian needs of all the peoples of Myanmar. This is being done in full consultation with the United Nations agencies, the international NGOs working in Myanmar, local embassies and national programme managers. Following the assessment, the Administrator will respond to paragraph 4 of Governing Council decision 93/21 relating to future programming, also taking into account any decision that the Executive Board may take on the present report.

ANNEX

UNDP ASSISTANCE TO MYANMAR

(Governing Council Decision 93/21)

Status of Approval and Implementation

SUMMARY REPORT

UNDP ASSISTANCE TO MYANMAR: LIST OF PROJECTS

NO.	PROJECT NO.	PROJECT TITLE	EXEC. AGENCY	AMOUNT (US $)
		A. PRIMARY HEALTH CARE		
1	MYA/93/022	Community-Based Integration of Leprosy Patients	WHO	755,100
2	MYA/93/024	Reducing Malaria Mortality and Morbidity	WHO	1,700,000
3	MYA/93/030	Improving Outreach and Quality of Primary Health Care Services	WHO	3,100,000
		B. HIV/AIDS		
4	MYA/93/032	Mitigating the Spread of HIV/AIDS	WHO	2,000,000
		C. WATER SUPPLY AND SANITATION		
5	MYA/93/025	Community Water Supply and Sanitation	UNCHS	2,300,000
		D. BASIC EDUCATION		
6	MYA/93/028	Improving Access to and Quality of Primary Education: School Environment	UNESCO	2,635,850
7	MYA/93/033	Improving Access to and Quality of Primary Education: Teacher Training	UNESCO	1,348,850
		E. FOOD SECURITY AND SUSTAINABLE ENVIRONMENT		
8	MYA/93/003	Community-based Multipurpose Fuelwood Plantations	FAO	2,000,000
9	MYA/93/004	Sustainable Agriculture Development and Environment Rehabilitation: Dry Zone	FAO	2,500,000
10	MYA/93/005	Watershed Management	FAO	3,000,000
11	MYA/93/026	Development of Mangrove Coastal Delta	FAO	2,000,000
		F. QUICK IMPACT PROJECTS		
12	MYA/93/021	QIPs in Chin State	OPS	1,000,000
13	MYA/93/031	QIPs in Rakhine State	OPS	1,000,000
		G. TRAINING AND PROGRAMME SUPPORT		
14	MYA/93/034	Umbrella Programme for Training	OPS	1,000,000
15	MYA/93/035	Programme Support and Development Unit	OPS	790,000
		TOTAL		**$27,130,200**

/...

Project 1: COMMUNITY-BASED LEPROSY PROJECT

PROJECT NO. & TITLE: MYA/93/022 - Community-Based Rehabilitation of Leprosy Patients (OC 93/21 Priority Sector: Health)	**AGENCY:** WHO **UNDP BUDGET:** US$ 755,100
PROGRAMME OBJECTIVES & FOCUS: Enhance capacities of village health workers for early leprosy detection treatment and disability prevention, improve capacities for physical rehabilitation of handicapped leprosy patients, through community-based disability care, reconstructive surgery and enhanced use of orthopedic appliances; intensify the socio-economic rehabilitation of leprosy patients, and reduce or eliminate their social segregation.	
COVERAGE: 29 townships of the Mandalay Division, with extension of activities during the second year of the project to the programme concentration zone (i.e. the "seven townships": Labutta, Bogalay, Yaungshwe, Ywan Ngan, Chaung U, Magway and Kyaukpadaung).	
BENEFICIARIES & EXPECTED RESULTS: Leprosy patients, and their families, will benefit from improved facilities for reconstructive surgery and physical rehabilitation, and from enhanced social integration through socio-economic rehabilitation programmes. The global population at risk in the project area will benefit from improved leprosy detection and treatment capabilities, at the village level and fully integrated into the primary health care system.	
STATUS OF IMPLEMENTATION: A mission of the short-term Project Advisor has been completed and a detailed project work plan prepared. A study tour for project personnel was conducted to familiarize them with community-based rehabilitation programmes in other countries. Training curricula and materials are under preparation. Procurement and delivery of rehabilitation of aids have been initiated.	

Project 2: REDUCING MALARIA MORTALITY AND MORBIDITY

PROJECT NO. & TITLE: MYA/93/024 - Reducing Malaria Mortality and Morbidity (OC 93/21 Priority Sector: Health)	**AGENCY:** WHO **UNDP BUDGET:** US$ 1,700,000
PROGRAMME OBJECTIVES & FOCUS: Reduce mortality and morbidity due to malaria; enhance community awareness and mobilization for efficient malaria infection prevention; improve diagnostic and treatment capacity at rural health centres and township hospitals; provide training to community health workers in malaria diagnosis, treatment and referral; provide essential anti-malaria drugs; and strengthen national capacities for epidemics forecasting, control and management.	
COVERAGE: 43 townships with high malaria occurrence, including the 'Seven Townships' as well as the Rakhine and Chin State townships covered under the QIP projects (see Projects 13 and 14).	
BENEFICIARIES & EXPECTED RESULTS: Improved health status, particularly of women and children, as a result of lower malaria incidence through more efficient prevention, better access to and quality of the primary health care system, and better epidemics forecasting and management skills. Expected results include increased rural incomes through a decrease in morbidity and mortality caused by malaria.	
STATUS OF IMPLEMENTATION: Project staff have been recruited and are currently implementing project activities. A knowledge, attitude and practices study is being conducted to provide the basis of community involvement and health education programmes for malaria. Procurement and delivery of essential drugs and equipment for establishment of the laboratory diagnosis programme have been initiated. The NGO 'Médecins sans Frontières' has established a central reference laboratory and upgraded laboratories in the project townships in Rakhine State. Training for basic health staff in strengthening of diagnosis and treatment of malaria has also been conducted.	

Project 3: PRIMARY HEALTH CARE

PROJECT NO. & TITLE: MYA/93/030 - Improving Quality and Outreach of Primary Health Care Services (GC 93/21 Priority Sector: Health)	**AGENCY:** WHO **UNDP BUDGET:** US$ 3,100,000
PROGRAMME OBJECTIVES & FOCUS: Strengthen primary health care at local and township level; enhance community awareness and capacities for preventive health care; strengthen community involvement in health sector management; improve capacities for and coverage of the child immunization programme; reduce tubercolosis mortality and morbidity; enhance role of nursing care in the primary health care system; and improve access to information and services on birth spacing.	
COVERAGE: The project will be concentrated in the 'Seven Townships' programme zone, but certain project components will reach the population in 104 townships in full cooperation with UNICEF and WHO. The immunization components will extend to 29 townships with low immunization coverage, and the tubercolosis component to 5 districts with high tubercolosis incidence.	
BENEFICIARIES & EXPECTED RESULTS: Better health status, particularly of women and children through better access to and quality of the primary health care system. This as a result of more efficient and sustainable health services at the villages; the availability of essential drugs; a functioning referral system; proper equipment; and qualified staff. The project will also result in improved economic opportunities through healthier populations.	
STATUS OF IMPLEMENTATION: Baseline studies have been carried out in the seven focal townships. Community-based studies on knowledge, attitude and practices as well as community involvement in health management are being carried out. Procurement and delivery of essential drugs, contraceptives and basic equipment for hospitals and rural health centres, including equipment for extension of immunization services, have been initiated. The design and production of health education materials is under way. Coordination with UNICEF and WHO ensured.	

Project 4: HIV/AIDS (To be approved mid-1994)

PROJECT NO. & TITLE: MYA/93/032 - Mitigating the Spread of HIV/AIDS and Building a Supportive Environment through Community Outreach Programmes (GC 93/21 Priority Sector: HIV/AIDS	**AGENCY:** WHO **UNDP BUDGET:** US$ 2,000,000
PROGRAMME OBJECTIVES & FOCUS: Improve capacities for proper counselling and enhanced social integration of those infected. Mitigate the spread of HIV/AIDS. Establish better awareness of HIV/AIDS among the people. Strengthen intersectoral capacities at all levels and sectors for preventive care. Improve blood testing and screening facilities.	
COVERAGE: Nationwide but with strong focus on high HIV-risk border areas.	
BENEFICIARIES & EXPECTED RESULTS: All HIV/AIDS patients and their families, through enhanced social integration and counselling. All people at risk, in particular the growing number of women in the sex industry, through enhanced awareness and improved prevention strategies. Support provided to coordinate all HIV/AIDS related assistance.	
STATUS OF IMPLEMENTATION: Project to be initiated June 1994. In October 1993, UNDP participated in a review of the Myanmar National AIDS Programme. At that time, it was decided that formulation of a new UNDP HIV/AIDS project would be carried out only in May 1994 as various activities under the ongoing HIV/AIDS projects were still under way. The ongoing project will end in June 1994 and additional funds will not be needed until then.	

Project 5: WATER SUPPLY AND SANITATION

PROJECT NO. & TITLE: MYA/93/025 - Community Water Supply and Sanitation (GC 93/21 Priority Sector: Health)	**AGENCY:** UNCHS **UNDP BUDGET:** US$ 2,300,000
PROGRAMME OBJECTIVES & FOCUS: Increase access to safe drinking water; improve basic sanitation coverage; enhance community capacity and organization for water and sanitation management at the village level.	
COVERAGE: The project will be concentrated in the "seven townships". The sanitation component will be extended to 50,000 families in selected settlements around Yangon.	
BENEFICIARIES & EXPECTED RESULTS: The project will substantially reduce the burden of women for water collection. Improved access to water and sanitation, in selected sites, for an estimated 150,000 people, through several water harvesting and sanitation micro-projects to be implemented under the project. Living standards will be improved as a result of a reduction in sanitation-related diseases. Technology, information and training materials will be made accessible to all village health workers and community leaders. Assistance will also be provided to the private manufacturing sector, for improved product design and production quality.	
STATUS OF IMPLEMENTATION: An Inter-agency Task Force (UNICEF, WHO, UNDP, UNCHS) on Water and Sanitation established. Project staff recruited and currently implementing project activities. Basic socio-economic data have been collected, and water source surveys conducted. Feasibility studies on different water harvesting technologies ongoing. Existing sanitation facilities and practices reviewed. Procurement and delivery of equipment initiated. Rehabilitation of (10) existing tube wells and (2) gravity flow schemes under way. Health education and sanitation programme initiated. Construction of fly-proof latrines programme started.	

Projects 6 and 7: PRIMARY EDUCATION IN RURAL AREAS

PROJECT NO. & TITLE: MYA/93/028 and MYA/93/033 - Improved Access to and Quality of Primary Education in Rural Areas (GC 93/21 Priority Sector: Education)	**AGENCY:** UNESCO **UNDP BUDGET:** US$ 3,984,700
PROGRAMME OBJECTIVES & FOCUS: In line with the Education-for-All strategy, contribute to the achievement of a net primary school enrolment ratio of 80 percent and a completion rate of 40 percent; reduce repeater and drop-out rates; improve quality of primary education; improve access to primary education through improved school facilities; and strengthen participation of Parents/Teachers Associations in education management at the village level.	
COVERAGE: 1,400 Primary Schools in the 2,300 villages of the 7 townships.	
BENEFICIARIES & EXPECTED RESULTS: 2,100 primary teachers will be trained or retrained, and improved teaching aids will be developed and distributed. Four school rehabilitation programmes will be developed in all 1,400 schools in the programme zones, and adequate training equipment will be provided; an estimated 215,000 primary school students will be supplied with proper textbooks and classroom materials. A curriculum review exercise will be conducted on a pilot basis. Education quality will be improved through the introduction of better teaching methodologies resulting in better skills absorption. A positive impact will be made on the status of women in society, and on the income-earning capacity of the rural population, as a result of higher literacy and education levels. A contribution will be made to a more sustainable environment through exposure of students to environmental issues in the education curriculum.	
STATUS OF IMPLEMENTATION: Joint programming initiated with UNICEF for all education sector interventions, linking these two projects closely with the UNICEF ACIS (All Children in School) programme. Workshop on participatory needs assessment held. Project personnel recruited and implementing project activities. Procurement and delivery plans initiated. Curriculum development and teacher training started. School enrolment surveys ongoing. School-mapping exercise started in the "seven townships".	

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Project 8: COMMUNITY FUELWOOD WOODLOTS

PROJECT NO. & TITLE: MYA/93/003 - Community Multipurpose Fuelwood Woodlots (GC 93/21 Priority Sector: Environment)	**AGENCY:** FAO **UNDP BUDGET:** US$ 2,000,000
PROGRAMME OBJECTIVES & FOCUS: Improve welfare of rural farmers through the development of new income opportunities; improve access of villagers to household energy; arrest environmental degradation; improve energy efficiency; enhance awareness among communities for proper environmental management; mobilize and organize communities for community-based and sustainable natural resource management initiatives.	
COVERAGE: 36 villages with acute fuelwood shortages in the three Dry Zone townships.	
BENEFICIARIES & EXPECTED RESULTS: 30,000 villagers, particularly women, in the 36 villages will have their living conditions improved as a result of better access to fuelwood and increased incomes through fuelwood production and harvesting. A total of 1,500 villagers will be trained in new income-generating activities, part of which will specifically target women. Some 54,000 acres of community woodlots and village fuelwood supply natural forests will be covered under the project. As the fuelwood crisis impacts particularly on women (for fuelwood collection) and children (impact on nutrition) a strong positive project impact is expected on these most vulnerable groups.	
STATUS OF IMPLEMENTATION: Focal villages selected and activities initiated. Needs assessment in the key villages initiated. Project personnel recruited. Procurement and delivery plans for 50 percent of equipment initiated. On-site training for farmers ongoing, working through local counterparts, village elders and contact farmers.	

Project 9: DRY ZONE SUSTAINABLE AGRICULTURE

PROJECT NO. & TITLE: MYA/93/004 - Agriculture Development and Environmental Rehabilitation in the Dry Zone (GC 93/21 Priority Sector: Environment & Food Security)	**AGENCY:** FAO **UNDP BUDGET:** US$ 2,500,000
PROGRAMME OBJECTIVES & FOCUS: Enhance community capacity at grass-roots level to address their priority needs on a self-help basis; increase welfare, incomes and food security as a result of better environmental management and through the development of environmentally sustainable income opportunities. Strengthen capacities for sustainable agriculture and livestock practices, and enhance environmental regeneration of the Dry Zone ecosystem through community-designed and-managed initiatives.	
COVERAGE: Six village tracts in Kyaukpadaung township; three in Magway township; and five in Chaung U township, with a total population of 50,000. (At a later stage, project activities are expected to be replicated in the other village tracts of the three Dry Zone townships).	
BENEFICIARIES & EXPECTED RESULTS: Higher incomes, through new off-farm activities; better agricultural practices and an improved environment; improved water and household energy availability; indirectly, better nutrition and health standards; more active role of women in decision-making, and thus a more positive impact of development activities on women. Activities and benefits are expected to be extended to the other 500,000 people of the 3 townships, through replication of the programme at a later stage.	
STATUS OF IMPLEMENTATION: Workshop on participatory needs assessment held. Project personnel recruited and implementing project activities. Procurement and delivery plans initiated for 40 percent of equipment and agricultural inputs. Preparations for carrying out a joint needs-assessment survey through the Township Programme Units in selected villages in Kyaukpadaung, Magway and Chaung U under way. Consultants provided for programme design in areas of dryland agronomy, livestock, pasture and fodder, soil and water conservation, marketing and participation of women.	

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Project 10: WATERSHEDMANAGEMENT

PROJECT NO. & TITLE: MYA/93/005 - Watershed Management for Three Critical Areas (GC 93/21 Priority Sector: Environment & Food Security)	**AGENCY: FAO** **UNDP BUDGET:** US$ 3,000,000
PROGRAMME OBJECTIVES & FOCUS: Increase incomes and food security through new and/or more productive income opportunities that are environmentally sustainable; improve capacities for watershed management; arrest environmental degradation; strengthen community capacities and organization for sustainable socio-economic development; enhance capabilities for support to community activities; more active role of women in community-based development activities; through proper watershed management, eliminate potential negative impact on the downstream populations and lowland farmers.	
COVERAGE: Inle Lake (84,000 people); Ywan Ngan (28,000 people) and Pugyi (7,000 people) watersheds.	
BENEFICIARIES & EXPECTED RESULTS: Higher incomes, through new off-farm activities; better agricultural practices; an improved environment; improved water and household energy availability; better nutrition and health standards; more active role of women in decision-making, and thus particularly positive impact on women's lives. Lowland farmers (900,000) will benefit from improved watershed management and protection.	
STATUS OF IMPLEMENTATION: Project is final phase of ongoing programme and also extends activities to another critical watershed. Procurement and delivery plans for equipment and supplies initiated for 60 percent of allotted funds. In-country training on watershed management by resource persons from Colorado University completed. Study tour of farmers to Nepal/Korea/China initiated. Socio-economic surveys initiated. Soil and water conservation activities, support to community-initiated projects, and other environment protection initiatives ongoing. Pre-implementation site visits undertaken.	

Project 11: SUSTAINABLEMANGROVEDEVELOPMENT

PROJECT NO. & TITLE: MYA/93/026 - Community Development of Ayeyarwady Mangroves (GC 93/21 Priority Sector: Environment & Food Security)	**AGENCY: FAO** **UNDP BUDGET:** US$ 2,000,000
PROGRAMME OBJECTIVES & FOCUS: Increase income and food security through better environmental management and the development of income opportunities; establish capacities for profitable yet sustainable agricultural and fishing practices in the ecologically fragile coastal delta; enhance community awareness of the need for sustainable environmental management; strengthen community capabilities and organization for the identification, implementation and management of community projects; diversify the income-earning potential of the area, focusing in particular on stronger participation of women; and strengthen capacities to provide a coordinated support that is fully responsive to community needs.	
COVERAGE: 140,000 people in selected resource poor village tracts in Labutta and Bogalay townships.	
BENEFICIARIES & EXPECTED RESULTS: Direct beneficiaries will be the 140,000 people living in the villages covered under the project. The project will contribute to creating higher incomes, through new off-farm activities; better agricultural and fishing practices; an improved environment; and improved water and household energy availability. Improved nutrition and health standards. More active role of women in decision-making. Better access to fuelwood through the establishment of community-managed fuelwood lots, thereby also creating additional employment and income opportunities for the villagers. An affordable energy source through improved charcoal conversion technology, and the introduction of fuelwood-efficient stoves and fuelwood alternatives.	
STATUS OF IMPLEMENTATION: Continuing phase of earlier initiative. A total of 12 focal villages in Bogalay and Labutta selected and activities initiated. Project personnel recruited and implementing project activities. Needs assessment in one of the key villages completed and ongoing in all other project areas. About 45 percent of funds allotted for equipment and agricultural supplies committed. On-site training for villagers ongoing, using local counterparts and assistance of village elders/contact farmers. Two field substations, one each at Labutta and Bogalay, identified for construction and/or rehabilitation. Two nurseries in place to support community woodlots activities.	

Project 12: UMBRELLA PROGRAMME FOR TRAINING

PROJECT NO. & TITLE: MYA/93/034 - Umbrella Programme for Training (GC 93/21 Priority Sector: Training)	AGENCY: OPS UNDP BUDGET: US$ 1,000,000
PROGRAMME OBJECTIVES & FOCUS: Strengthen capacities at various levels to increase impact of human development programmes by providing access to crucial technology and know-how.	
COVERAGE: Selected sub-sectors, such as: disaster preparedness at the local level; strengthening of social statistics; entrepreneurship at the grass-roots level.	
BENEFICIARIES & EXPECTED RESULTS: Strengthened capacities of communities, farmers, extension agents, private sector enterprises, non-governmental organizations, etc. selected to participate in the training and capacity-building activities.	
STATUS OF IMPLEMENTATION: A detailed design and framework has been prepared for the implementation of training activities envisaged in the project document. For example, the capacity of communities to participate in, develop and manage community development activities is being strengthened, with community leaders from several townships exposed to participatory development concepts and their practical application in the development of their communities. Training activities that have already been initiated in order to strengthen the human capacities in a variety of sectors and concerns, as mentioned above, will be reported to the executive board. Preliminary detailing of the training programmes undertaken.	

Project 13: QUICK IMPACT PROJECT, RAKHINE STATE

PROJECT NO. & TITLE: MYA/93/031 - Rakhine State Umbrella Programme for Village-Tract Quick Impact Projects (GC 93/21 Priority Sectors: Health, Education & Food Security)	AGENCY: OPS UNDP BUDGET: US$ 1,000,000
PROGRAMME OBJECTIVES & FOCUS: Improve welfare of village communities, in a sustainable manner; enhance community awareness and organization; strengthen community capacities for identification and implementation of development projects. Improve capabilities of local organizations to provide coordinated support, responsive to community needs; and strengthen community support capacities of non-governmental organizations.	
COVERAGE: 360 of the most remote and isolated villages in 36 of the 1,041 village tracts of Rakhine State.	
BENEFICIARIES & EXPECTED RESULTS: 104,000 people in 360 villages (36 village tracts), representing 3 percent of the State's population but in the most isolated and remote villages, will be reached under the project. In each of the 36 village tracts, a package of inputs will be provided covering health (essential drugs, contraceptives; and training and equipment support for basic health staff); education (school materials; textbooks; construction materials for school improvement; and equipment and training materials support for teachers); water supply and sanitation (water harvesting equipment; latrines; and sanitation training materials) and capital inputs and technology support for income-generating activities. This direct assistance will amount to approximately US $17,000 per village tract (US$1,700 per village or US $7 per person). A particularly positive impact on women is targeted as a result of better health standards, improved access to safe water and proper sanitation, and better income-earning opportunities. Local community-support capacities will be enhanced.	
STATUS OF IMPLEMENTATION: Interventions being programmed in close consultation with UNHCR and UNICEF. Needs assessment carried out in all three townships. Procurement and delivery of school supplies, teaching materials, essential drugs, roofing sheets, plastic pipes and plastic latrine pans initiated. Upgrading of 15 existing wells and 9 primary schools under way. Establishment of poultry and pig bank, and provision of small capital inputs to purchase water pumps initiated. NGOs commenced activities on water and sanitation component.	

Project 14: QUICK IMPACT PROJECT - CHIN STATE

PROJECT NO. & TITLE: MYA/93/021 - Chin State Umbrella Programme for Village-Tract Quick Impact Projects (GC 93/21 Priority Sector: Health, Education & Food Security)	**AGENCY:** OPS **UNDP BUDGET:** US$ 1,000,000
PROGRAMME OBJECTIVES & FOCUS: Improve welfare of village communities, in a sustainable manner; enhance community awareness and organization; strengthen community capacities for identification and implementation of development projects. Improve capabilities of local organizations to provide coordinated support, responsive to community needs; and strengthen community support capacities of non-governmental organizations.	
COVERAGE: 480 of the most remote and isolated villages in 48 of the 476 village tracts of the Chin State.	
BENEFICIARIES & EXPECTED RESULTS: 36,000 people in 480 villages (48 village tracts) will be reached under the project. This represents about 8 percent of the state's total populatien, but in the state's most isolated and remote villages. In each of the 48 village tracts, a package of inputs will be provided covering health (essential drugs; contraceptives; and training and equipment support for basic health staff); education (school materials; textbooks; construction materials for school improvement; and equipment and training materials support for teachers); water supply and sanitation (water harvesting equipment; latrines; and sanitation training materials) and capital inputs and technology support for income-generating activities. This direct assistance will amount to approximately US $14,000 per village tract (US$1,400 per village or US $17 per person). A particularly positive impact on women is targeted as a result of better health standards, improved access to safe water and proper sanitation, and better income-earning opportunities. Local community-support capacities will be enhanced.	
STATUS OF IMPLEMENTATION: Needs assessment undertaken in all four townships. Procurement and delivery of essential drugs, school supplies, teaching materials and midwifery kit has been initiated. Small micro projects for income-generation activities identified, and introduction of new seeds; hill farming techniques and vegetable plantations started. Upgrading of (3) primary schools under way, and extension of gravity flow water supply system designed. NGO activities also commenced.	

Project 15: PROGRAMME SUPPORT

PROJECT NO. & TITLE: MYA/93/035 - Programme Support and Development Unit (GC 93/21 Priority Sector: Training)	**AGENCY:** OPS **UNDP BUDGET:** US$ 790,400
PROGRAMME OBJECTIVES & FOCUS: To facilitate timely and cost-effective implementation of the overall programme through logistical support for programme implementation at the field level; field-level support for enhanced coordination among programme components; and the establishment of a continuous programme-impact monitoring mechanism.	
COVERAGE: Support to all 1994-1995 programme components and intervention areas.	
BENEFICIARIES & EXPECTED RESULTS: Timely and cost-effective implementation of the programme's sectoral components and, through the inputs of this support facility, contribution to the achievement of the benefits and results specified under each of the components.	
STATUS OF IMPLEMENTATION: The project has concentrated on fully operationalizing the township programme units in the programme zone. The unit teams have been structured; essential office equipment installed, and training in needs assessment, programme planning and implementation has started. Building further on the lessons from these first activities a more in-depth training programme for field level workers has also been designed. In each township, comprehensive needs assessment plans have been formulated; initial multisectoral and participatory needs assessments conducted in several villages; and implementation plans and arrangements worked out for these village plans. Parallel to this, procurement of essential programme inputs has started through this project's Yangon unit.	

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MATTERS RELATING TO THE PROGRAMMING CYCLE

Mid-term review of resources for the fifth programming cycle

Report of the Administrator

I. PURPOSE

1. The present report is submitted in response to paragraph 1 of Governing Council decision 90/34 of 23 June 1990, in which the Council decided to carry out a mid-term review in 1994 of (a) the programme planning aspects for the cycle and (b) the resources available and the financial management of the fifth programming cycle.

2. The report presents data on the status of resources and programming for the fifth cycle as of April 1994 and projections for the rest of the cycle and makes recommendations for revisions to the programming framework and redeployment of unutilized resources.

II. STATUS OF RESOURCES AND PROGRAMMES

3. In its decision 90/34, the Governing Council established, inter alia, the financial parameters for programme activities in the fifth programming cycle (1992-1996). To permit forward planning and the establishment of indicative planning figures (IPFs), the Council assumed an 8 per cent annual growth rate in total voluntary contributions from a base of $1 billion in 1991. Accordingly, a target of $6,336 million in contributions for the period 1992-1996 was established. Additionally, miscellaneous income (interest from investments and fluctuations in the value of non-dollar denominated assets) was projected to average $33 million annually in the years of the fifth cycle. Thus, total resources available for the cycle were estimated at that time to amount to $6,501 million.

Status of resources

4. As noted in the report of the Administrator on matters relating to the programming cycles (DP/1993/21), voluntary contributions for 1992 amounted to $1,073 million and miscellaneous income to $0.4 million. Voluntary contributions for 1993 are currently valued at $910 million and $17 million has been reported as miscellaneous income. Therefore, the total shortfall in planned income for 1992 and 1993 amounts to approximately $311 million, of which $263 million relates to voluntary contributions and $48 million to miscellaneous income. Of the $263 million shortfall in voluntary contributions, it is estimated that approximately $85 million or 4 per cent may be attributed to exchange rate fluctuations and $178 million or 8 per cent to reductions in actual and estimated pledges.

5. At present, it is estimated that voluntary contributions for 1994 will amount to $913 million. While this does not meet the original 1994 target set by the Governing Council in decision 90/34, it appears that the decline in resources experienced in 1993 has levelled off. The Administrator continues to encourage Governments to achieve the 8 per cent annual growth in contributions originally envisaged by the Council; however, a more conservative 4 per cent annual increase in contributions for 1995 and 1996 has been used for purposes of programme planning and revising the programming framework. Based on these estimates, it is expected that total voluntary contributions for the cycle will amount to $4,833 million, against the original target of $6,336 million, or a shortfall of 24 per cent.

6. It is recognized that decision 90/34, which established the planning framework for the fifth cycle, applies only to core activities funded from voluntary contributions. However, as previously reported to the Board and to the Governing Council, the various non-core funds available to UNDP have increased significantly in recent years. Thus, while there has been a considerable shortfall in voluntary contributions, the compensatory increases in the non-core funds should result in aggregate levels of UNDP funding that slightly exceed those envisaged at the beginning of the fifth cycle.

7. Table 1 in the annex outlines in detail the status of resources and programmes for the years of the fifth cycle. The table compares original earmarkings at the beginning of the cycle to current estimates and earmarkings for all core and non-core funds, excluding those trust funds for which individual budgetary appropriations have been authorized by the Governing Council (i.e. the United Nations Capital Development Fund (UNCDF), the United Nations Sudano-Sahelian Office (UNSO), the United Nations Development Fund for Women (UNIFEM), the United Nations Volunteers (UNV), the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) and the United Nations Fund for Science and Technology for Development (UNFSTD).

8. Application of resources. Based on the resource forecast, it has now become necessary to review the original earmarkings made by the Governing Council, and as necessary, adjust the programme planning levels for the various categories of expenditures. For this purpose, the status and projections for each major category of expenditure are briefly analysed below and summarized in table 1.

A. Indicative planning figures

9. In 1993, the former Administrator informed the Governing Council that in the interests of prudent financial planning under the constrained resource situation, he had established a revised IPF planning framework for the fifth cycle and had taken the actions necessary to balance resource inflows and outflows. Thus, UNDP country offices were informed that programming should be carried out at the level of 75 per cent of the established IPFs, pending the mid-term review by the Council in 1994 and the formal revision of IPFs at that time.

10. As shown in table 1, the resources presently forecasted to be available during the fifth cycle would accommodate approximately $2,933 million of IPF expenditures. Therefore, the Executive Board may now wish to take formal action to re-establish fifth cycle IPFs for individual programmes, in line with this estimate of aggregate IPF expenditures. To remain within this estimate, IPFs should be re-established at a level of 70 per cent of the original IPFs. If these revised IPFs are fully programmed, and delivered, the resulting expenditures will equal the target level of $2,933 million mentioned above. The IPFs of the individual programmes have been recalculated on this basis and are shown in table 2 in the annex.

11. If the Executive Board were to approve this rebasing of IPFs and if the resource assumptions discussed in paragraph 6 were achieved, the Administrator would be able to report a fifth cycle closure with resources and entitlements in balance, permitting the start of the next programming period with a clean slate. However, it is likely that some country programmes will not be fully implemented during the years of the fifth cycle and consequently some unutilized IPFs will be carried forward to the next period. If so, these entitlements are expected to be covered substantially by resources that will also be carried forward. Nevertheless, should a deficit or surplus of entitlements over resources occur, it will become a charge or addition to the resources to be mobilized for the next programming period. In past cycles, carry-over of unused entitlements has usually amounted to 5 per cent of IPFs.

B. Special Programme Resources

12. The Governing Council approved special programme resources (SPR) at the total level of $313 million, earmarking specific amounts for individual subcategories. In decision 90/34, the Council also indicated that if reductions in programming levels became necessary, they should apply equally to IPF and SPR. Accordingly, it is recommended that SPR entitlements be re-established at 70 per cent of the original levels.

13. Table 3 in the annex summarizes the SPR status, showing for each subcategory: carry-over of fourth cycle entitlements; the proposed earmarkings at 70 per cent; amounts approved and committed; and unutilized entitlements. The table shows that 86 per cent of the revised SPR has been programmed (under approved and pipeline budgets), leaving approximately $40 million still to be programmed, with only relatively small amounts available under the individual

subcategories. It is expected that SPR will be fully programmed by the end of 1994.

14. In paragraph 17 of its decision 91/54 of 20 September 1991, the Governing Council requested that a review of the individual subcategories be undertaken within the first three years of the fifth programming cycle. At the time decision 91/54 was adopted, it was envisaged that a significant portion of the SPR would remain to be programmed in 1994, and a review of the earmarking and redeployment of resources would be timely and appropriate. However, because of the reductions in SPR programme resources and the advanced stage of programme build-up, it appears that revisions to the original earmarkings are neither desirable nor possible at the present stage.

15. The Administrator would like to point out, however, that the SPR has been an effective instrument for, inter alia, promoting programme innovations and furthering the focus of UNDP programmes, particularly in the six areas of focus established by the Governing Council in its decision 90/34. The continued availability of the SPR is particularly important for making the transition to the next programming period and for continuing several UNDP innovations and initiatives to advance sustainable human development (SHD).

16. However, the small amounts remaining to be programmed in each of the SPR subcategories do not provide the critical mass necessary to make effective use of the resources. The Administrator considers it advisable to consolidate and redeploy these smaller amounts within the approved framework of the SPR programmes, so that these resources can be more effectively used to promote the basic objectives of the SPR. He recommends, therefore, that the Executive Board provide him with authority to redeploy resources within each of the main programme earmarkings, excluding those for region-specific subcategories (C2. Special Plan of Economic Assistance to Central America; C3. United Nations Programme of Action for African Economic Recovery and Development; F. Assistance to the Palestinian people).

C. Borrowing arrangements

17. To ensure a smooth transition from one programming cycle to another and to permit continuous forward programming, the Governing Council has traditionally authorized, at the time of the mid-term review of a cycle, borrowing arrangements under certain well-defined programming conditions. During the fourth cycle, borrowing arrangements were approved in decision 90/3 of 23 February 1990. Such borrowing avoids a programming hiatus in countries that are already heavily programmed. Borrowing also ensures that aggregate programme expenditures do not fall short of available resources by an excessive amount, as a result of underdelivery in countries experiencing particular political, emergency or other programming constraints.

18. Programme build-up at the present stage of the cycle indicates that 75 per cent of the revised IPFs (at the recommended level of 70 per cent) have already been programmed. The IPFs of 24 programmes, representing 16 per cent of total resources, have been fully programmed; a further 41 programmes have programmed over 80 per cent of the revised IPF resources. In contrast, nine

programmes representing 19 per cent of total resources are partially inactive and it is not expected that their full IPF entitlements will be delivered during the fifth cycle. It is expected that revised IPFs will be fully programmed by June 1995. Given the above patterns, approximately $200 million in IPF resources is expected to be carried forward as unutilized entitlements to the next programming period. These resources would remain unavailable for programming unless certain borrowing arrangements are authorized.

19. Against this background, the Administrator recommends that the following borrowing arrangements be authorized by the Executive Board:

(a) Borrowing will be authorized only to the extent that it does not upset the financial integrity of the Programme and that total programme expenditures are kept within available resources; thus borrowing will be limited, in the aggregate, to the extent of unutilized programme resources resulting from partially inactive programmes;

(b) Borrowing will be authorized for country and intercountry programmes up to a maximum of 15 per cent of the revised fifth cycle IPF (as reflected in table 2) at the discretion of the Administrator; such borrowing authority will not accrue automatically to all countries/programmes but only to the extent authorized by the Administrator, taking into account such factors as the potential uses to which such resources would be put and the need to ensure that the potential earmarkings of a country are not likely to be overdrawn; and

(c) Borrowing will be authorized up to a maximum of 15 per cent of the revised fifth cycle SPR (i.e., 70 per cent of the originally established levels) at the discretion of the Administrator; such borrowings will generally be deployed in accordance with the SPR framework established by the Governing Council to promote programme initiatives for sustainable human development.

D. Programme support costs

20. In paragraph 4 of its decision 91/32 of 25 June 1991, the Governing Council established a $627 million earmarking for fifth cycle programme support costs and a set of new arrangements for agency support costs involving a range of new financial facilities. In his report on agency support costs (DP/1993/22), the Administrator informed the Council that an estimated $473 million would actually be expended against this earmarking, in line with the overall reduction in resources and IPFs. At the present time, the Administrator would like to confirm that this estimate has been revised downwards to $456 million.

21. A progress report on the implementation of the new arrangements will be provided to the Executive Board at its third regular session in October 1994, when the subject is scheduled to be discussed in detail. For the purposes of the present review, however, two items are brought to the attention of the Board, in line with requests of the Governing Council.

1. Technical Support Services

22. In paragraph 9 of its decision 91/32, the Governing Council decided that the allocation for TSS-1 be examined in the context of the mid-term review. The Council had originally earmarked a total of $144 million for technical support services, comprising $64 million for TSS-1, $60 million for TSS-2 and $20 million for the technical facility for national execution (administered as TSS-2). Against these earmarkings, $61 million have been programmed so far: $50 million for TSS-1 and $11 million for TSS-2.

23. The Governing Council was informed at its fortieth session (1993) (see DP/1993/22, table 3) that, for programming purposes, the total earmarking of $144 million for technical support services would be reduced to $123 million. This reflected a reduction in the earmarkings of the TSS-2 facility as well as the technical facility for national execution, in line with the overall reduction in IPFs. However, TSS-1 had been maintained at its original earmarking in recognition of the effective use that was already being made of this facility. An analysis of the status of TSS-1 and TSS-2 shows that the demand for TSS-1 continues to exceed by far the original earmarking for this facility, while the demand for TSS-2 falls short of its (reduced) earmarking. These trends are expected to intensify since the need for project-level services would continue to decline with the substantial programming of IPF resources. However, as planning for the next programming period gets under way, the need for upstream programme-level services (i.e., sectoral and country strategies, programme formulation, etc.) and therefore for TSS-1 can be expected to grow.

24. In view of the above, the Administrator believes that a portion of the TSS-2 earmarking can be usefully shifted to finance requests for TSS-1. Accordingly, the Administrator would like to request the Executive Board to authorize him to utilize the resources of the combined TSS-1 and TSS-2 facilities flexibly to respond to the needs of the programme countries within the overall suggested earmarking.

2. Establishment of a TSS facility for the smaller technical agencies

25. In paragraph 8 of its decision 93/25, the Governing Council invited the Administrator to continue his consultations with the smaller technical agencies with a view to seeking their participation in the new support cost arrangements as soon as practicable. In these continuing consultations, the smaller agencies have continued to express their concern about the decline in support cost resources flowing to them (from $92 million in the fourth cycle to an estimated $57 million in the fifth cycle). They attribute this reduced flow to: the overall cutback in IPF levels; the lack of direct representation at the country level; the emphasis on country-level programmes at the expense of the regional and subregional planes at which these agencies often operate; the rise in national execution; and finally, the focus on broad social and economic themes (deriving from the six areas of focus specified in Council decision 90/34), which may overlook the specific contributions that might be made in sectors represented by the smaller agencies.

26. The views of these smaller agencies are consistent with what the Administrator has already reported to the Governing Council (DP/1993/22). However, as also noted in that report, the smaller agencies recognize some of the attractive features of the new support cost arrangements, particularly support for participation in upstream, policy-oriented areas and technical backstopping.

27. In the context of these developments, it is important to ensure that programme countries continue to benefit from the technical expertise of the smaller agencies; that such expertise reinforce UNDP accountability for the technical quality of programmes, especially in light of increased national execution; and finally to provide an opportunity for agencies to continue to participate in country-level activities to obtain practical feedback for their own global mandates.

28. Pending a more comprehensive review and evaluation of present support cost arrangements in preparation for the sixth cycle, the Administrator proposes the establishment of a technical support facility in the areas represented by the smaller agencies in order to bring the support flowing to them closer to the levels originally envisaged for the fifth cycle. Such a facility would be financed from the original earmarkings established for the smaller technical agencies which remain underutilized because of the decline in projects assigned for execution to these agencies (see Governing Council decision 91/32, annex I, line 3). It is proposed that an amount of $5 million be assigned to this facility, which would operate as follows:

(a) In response to requests from programme countries, the facility will be used to finance sectoral studies, advisory missions specifically related to the transfer and adaptation of technology, technical backstopping of projects under national execution, and upstream policy advice in the preparation of country strategy notes;

(b) The resources will be provided only as reimbursement for services actually provided by the agencies. Such reimbursements could include both mission costs as well as costs of expertise, similar to the principles governing other technical support services. Reimbursement for project implementation would be reduced to a rate of 10 per cent as compared to the current 13 per cent, and would be financed from the IPF sub-line. Flexibility arrangements would continue as set out in Council decision 91/32.

29. While the amount proposed is small, it represents a tangible additionality of support to the smaller agencies that would not be available to them under the current arrangements. The amount of $5 million in resources requested for this purpose would represent a redeployment within the original financial envelope for support cost arrangements and not a request for new resources.

E. Administrative and programme support budget

30. In paragraph 11 of its decision 90/34, the Governing Council established an earmarking of $1,158 million for the administrative budget for the period of the fifth cycle, subject to the Council's approval of the appropriations for the

individual bienniums through the regular budget process. Paragraph 12 of the same decision established an earmarking of $98 million for programme support and development activities (PSDA). Subsequently, the structure of the budget was revised and it was agreed that separate appropriation lines would be maintained for the core budget, an enlarged PSDA, and the support given to the United Nations system. Accordingly, current estimates for these lines are shown separately in table 1 in the annex. These amounts are based on actual expenditures for the biennium 1992-1993, estimated expenditures for the biennium 1994-1995 and an estimate for 1996. A budget submission for 1996-1997 is scheduled to be made in October 1995.

III. EXECUTIVE BOARD ACTION

31. The Executive Board may wish to:

(a) Approve a revised resource framework for the fifth cycle, based on the resource assumptions specified in paragraph 5 above;

(b) Approve revised IPFs for individual countries/programmes, as set out in table 2, constituting 70 per cent of originally established IPFs;

(c) Approve the expenditure targets specified in table 1, including those for IPF and SPR;

(d) Authorize the Administrator to redeploy resources within each SPR category, excluding region-specific subcategories as set out in paragraph 16;

(e) Approve borrowing arrangements as described in paragraph 19 above;

(f) Authorize the Administrator to redeploy resources within the revised support cost earmarkings including:

(i) A transfer of unutilized resources from TSS-2 to TSS-1, within the overall reduced earmarking of $123 million;

(ii) The establishment of a technical support facility for $5 million to finance technical support services to be provided by the smaller technical agencies through redeployment of unutilized resources remaining in line 3, annex I, of decision 91/32.

Annex

TABLES

Table 1. **Fifth programming cycle: Status of resources***
(millions of dollars)

	Original earmarkings	Proposed earmarkings
Resources		
Voluntary contributions	6,336 a/	4,833 b/
Cost-sharing	700 c/	1,850 d/
Sustainable development funds	0 c/	533 d/
Trust funds established by the Administrator	114 c/	188 d/
Other funds	120 c/	91 d/
Miscellaneous income	205	60 e/
Total available resources	**7,475**	**7,555**
Application of resources		
Programme expenditure:	***5,341***	***5,600***
IPF	4,163 f/	2,933 g/
SPR	313	219 h/
Cost-sharing	640 c/	1,712 d/
Sustainable development funds	0 c/	466 d/
Trust funds established by the Administrator	100 c/	169 d/
Other funds	110 c/	86 d/
SIS	15	15
Programme support costs:	***712***	***601***
IPF/SPR	634 i/	456 j/
Cost-sharing, trust funds and other funds	78 c/	145 d/
Sectoral support	30	30
Programme support and development activities	98	165
Support to United Nations operational activities	0	212 k/
UNDP biennial budgets	1,204	947 k/
Increase in operational reserve	90	0 l/
Total applied resources	**7,475**	**7,555**
Estimated surplus/(deficit)	**0**	**0**

* Includes core funds (IPF, SPR); cost sharing; trust funds established by the Administrator; sustainable development funds, i.e. GEF, Montreal Protocol, CAPACITY 21; other funds (SMF/LDC, GCCC); and related programme support costs. Excludes trust funds established by the governing bodies (UNCDF, UNSO, UNIFEM, UNV, UNRFNRE, UNFSTD), which receive budgetary appropriations separately.

Footnotes to table 1

a/ Based on an assumed rate of growth in voluntary contributions of 8 per cent for the fifth programming cycle, using a base of $1,000 million in 1991. Decision 90/34 refers.

b/ Based on estimated contributions of $910 million in 1993 and $913 million in 1994 and an increase of 4 per cent thereafter in 1995 and 1996.

c/ Based on estimates as of June 1990.

d/ Based on estimates as of April 1994.

e/ Current estimates of miscellaneous income are based on prevailing exchange rate gains/losses and the latest interest rate trends for investments. Also includes estimated interest income from unutilized cost-sharing balances.

f/ The original IPF earmarkings have been revised upward by $83 million to $4,246 million in order to accommodate increases resulting from changes in basic data, newly designated LDCs and the granting of recipient status to 22 new programme countries. Decisions 92/8, 92/29, 92/30, 93/3, 93/22, and 93/24. refer.

g/ Based on a planned reduction of 30 per cent of total IPFs as originally established by decisions 90/34 and 91/29. This planned reduction increases to 31 per cent of total IPFs as revised by decisions referred to in note f. Excludes expenditures against unutilized IPF entitlements as well as unspent resources carried forward from the fourth to the fifth cycles.

h/ Based on a planned reduction of 30 per cent of SPR from levels originally established by decision 90/34. Excludes expenditures against unutilized SPR entitlements as well as unspent resources carried forward from the fourth to the fifth cycles.

i/ Original earmarking of $634 million was revised to $627 million. Please refer to annex I of decision 91/32 for details.

j/ Based on current patterns of implementation for IPF/SPR funded projects as well as use of TSS-1 and TSS-2 resources. A detailed report on the use of support costs will be presented to the Executive Board at its third regular session in October 1994.

k/ Based on expenditures for 1992/1993 and estimated expenditures for 1994,1995 and 1996, including extrabudgetary support to activities financed from cost-sharing and trust funds, i.e. trust funds established by the Administrator and sustainable development funds (GEF, Montreal Protocol, CAPACITY 21). Support to United Nations operational activities was not identified as a separate line item in the original earmarking but was included in the UNDP biennial budgets.

l/ As provided in decision 90/34, the level of the operational reserve is established at 20 per cent of estimated annual voluntary contributions or expenditures, whichever is higher. Based on the current resource and planned expenditure levels, it is not expected that an increase in the level of the operational reserve will be necessary.

Table 2. Recalculated indicative planning figures for the fifth cycle

Countries and territories	Status a/	Recalculated fifth cycle IPF (thousands of dollars)
AFRICA		
ANGOLA	LDC	22.334
BENIN	LDC	24.325
BOTSWANA	LDC	5.076
BURKINA FASO	LDC	38.729
BURUNDI	LDC	34.217
CAMEROON		10.597
CAPE VERDE	LDC SIDC	5.107
CENTRAL AFRICAN REPUBLIC	LDC	19.013
CHAD	LDC	32.431
COMOROS	LDC SIDC	8.087
CONGO		4.242
COTE D'IVOIRE		11.392
EQUATORIAL GUINEA	LDC	7.962
ERITREA		19.877
ETHIOPIA	LDC	82.474
GABON		1.588
GAMBIA	LDC	18.031
GHANA		29.807
GUINEA	LDC	25.060
GUINEA-BISSAU	LDC	19.314
KENYA		32.824
LESOTHO	LDC	14.227
LIBERIA	LDC	15.048
MADAGASCAR	LDC	46.815
MALAWI	LDC	43.494
MALI	LDC	40.344
MAURITANIA	LDC	16.255
MAURITIUS	SIDC	2.737
MOZAMBIQUE	LDC	65.078
NAMIBIA	LDC	8.303
NIGER	LDC	37.217
NIGERIA		83.995
RWANDA	LDC	30.081
SAO TOME AND PRINCIPE	LDC SIDC	3.410
SENEGAL	LDC	21.967
SEYCHELLES	SIDC	0.722
SIERRA LEONE	LDC	28.998
SWAZILAND		3.186
TOGO	LDC	20.089
UGANDA	LDC	55.021
UNITED REPUBLIC OF TANZANIA	LDC	69.868
ZAIRE	LDC	59.058
ZAMBIA	LDC	27.539
ZIMBABWE		16.657

Table 2 (continued)

Countries and territories	Status a/			Recalculated fifth cycle IPF (thousands of dollars)
ASIA AND THE PACIFIC				
AFGHANISTAN	LDC			49.027
BANGLADESH	LDC			114.221
BHUTAN	LDC			19.525
BRUNEI DARUSSALAM		NCC		0.000
CAMBODIA	LDC			36.192
CHINA				123.662
COOK ISLANDS			SIDC	0.758
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA				15.219
FEDERATED STATES OF MICRONESIA			SIDC	1.638
FIJI			SIDC	1.862
INDIA				109.284
INDONESIA				56.969
IRAN (ISLAMIC REPUBLIC OF)				6.619
KIRIBATI	LDC		SIDC	1.628
LAO PEOPLE'S DEMOCRATIC REPUBLIC	LDC			29.509
MALAYSIA				4.964
MALDIVES	LDC		SIDC	4.774
MARSHALL ISLANDS			SIDC	1.092
MONGOLIA				7.519
MYANMAR	LDC			65.404
NAURU		NCC	SIDC	0.000
NEPAL	LDC			54.441
NIUE			SIDC	0.542
PAKISTAN				61.347
PAPUA NEW GUINEA				7.340
PHILIPPINES				27.663
REPUBLIC OF KOREA		NCC		3.230
SAMOA	LDC		SIDC	3.410
SINGAPORE		NCC		0.000
SOLOMON ISLANDS	LDC		SIDC	4.547
SRI LANKA				31.554
TERRITORY OF HONG KONG		NCC		0.000
THAILAND				18.283
TOKELAU			SIDC	0.838
TONGA			SIDC	1.159
TRUST TERRITORY OF THE PACIFIC ISLANDS (PALAU)			SIDC	0.229
TUVALU	LDC		SIDC	1.160
VANUATU	LDC		SIDC	1.604
VIET NAM				70.494

Table 2 (continued)

Countries and territories	Status a/			Recalculated fifth cycle IPF (thousands of dollars)
ARAB STATES				
ALGERIA				6.619
BAHRAIN		NCC	SIDC	0.000
DJIBOUTI	LDC			2.553
EGYPT				29.198
IRAQ				4.964
JORDAN				4.964
KUWAIT		NCC		0.000
LEBANON				5.394
LIBYAN ARAB JAMAHIRIYA		NCC		0.718
MOROCCO				14.106
OMAN		NCC		0.202
QATAR		NCC		0.000
SAUDI ARABIA		NCC		0.000
SOMALIA	LDC			41.986
SUDAN	LDC			36.910
SYRIAN ARAB REPUBLIC				10.765
TUNISIA				5.585
UNITED ARAB EMIRATES		NCC		0.000
YEMEN	LDC			29.813

Table 2 (continued)

Countries and territories	Status a/		Recalculated fifth cycle IPF (thousands of dollars)
LATIN AMERICA AND THE CARIBBEAN			
ANGUILLA		SIDC	0.747
ANTIGUA AND BARBUDA		SIDC	0.812
ARGENTINA			6.619
ARUBA	NCC	SIDC	0.119
BAHAMAS	NCC	SIDC	0.000
BARBADOS	NCC	SIDC	0.448
BELIZE			0.722
BERMUDA	NCC	SIDC	0.000
BOLIVIA			16.599
BRAZIL			9.928
BRITISH VIRGIN ISLANDS	NCC	SIDC	0.078
CAYMAN ISLANDS		SIDC	0.270
CHILE			6.619
COLOMBIA			8.191
COSTA RICA			3.375
CUBA			7.632
DOMINICA		SIDC	0.856
DOMINICAN REPUBLIC			10.919
ECUADOR			8.674
EL SALVADOR			6.784
GRENADA		SIDC	0.902
GUATEMALA			7.282
GUYANA			9.797
HAITI	LDC		26.375
HONDURAS			9.235
JAMAICA			2.792
MEXICO			6.619
MONTSERRAT		SIDC	0.337
NETHERLANDS ANTILLES	NCC	SIDC	0.197
NICARAGUA	LDC		18.386
PANAMA			2.482
PARAGUAY			4.108
PERU			9.308
SAINT HELENA		SIDC	0.983
SAINT KITTS AND NEVIS		SIDC	0.812
SAINT LUCIA		SIDC	0.812
SAINT VINCENT AND THE GRENADINES		SIDC	1.345
SURINAME	NCC		0.628
TRINIDAD AND TOBAGO		SIDC	1.324
TURKS AND CAICOS ISLANDS		SIDC	0.680
URUGUAY			3.309
VENEZUELA			2.647

Table 2 (continued)

Countries and territories	Status a/	Recalculated fifth cycle IPF (thousands of dollars)
EUROPE AND THE COMMONWEALTH INDEPENDENT STATES		
ALBANIA		4.188
ARMENIA		0.595
AZERBAIJAN		1.448
BELARUS		1.237
BOSNIA-HERZEGOVINA		0.600
BULGARIA		1.986
CROATIA		0.615
CYPRUS	NCC SIDC	0.897
CZECH REPUBLIC		0.838
CZECHOSLOVAKIA b/		0.320
ESTONIA		0.827
GEORGIA		0.525
HUNGARY		1.243
KAZAKHSTAN		2.608
KYRGHYSTAN		2.752
LATVIA		0.908
LITHUANIA		1.149
MACEDONIA (FORMER YUGOSLAV REPUBLIC OF)		0.456
MALTA	NCC SIDC	0.448
POLAND		2.482
REPUBLIC OF MOLDOVA		1.045
ROMANIA		2.482
RUSSIAN FEDERATION		2.238
SLOVAK REPUBLIC		0.582
SLOVENIA		0.444
TADJIKISTAN		3.434
TURKEY		9.255
TURKMENISTAN		1.866
UKRAINE		1.494
UZBEKISTAN		6.283
YUGOSLAVIA c/		1.437

a/ LDC=Least developed country
NCC=Net contributor country
SIDC=Small island developing country

b/ Actual programme expenditure incurred in 1992 against the fifth cycle IPF for the former Czechoslovakia.

c/ Actual programme expenditure incurred in 1992 against the fifth cycle IPF for the former Yugoslavia plus residual IPF not yet redistributed.

Table 2 (continued)

SUMMARY OF INDICATIVE PLANNING FIGURES FOR THE FIFTH CYCLE

Category	Amount	Percentage
I. COUNTRY IPFs		
AFRICA	1,162.596	45.6
ASIA AND THE PACIFIC	937.704	36.8
ARAB STATES	193.777	7.6
LATIN AMERICA AND THE CARIBBEAN	199.751	7.8
EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES	56.683	2.2
TOTAL COUNTRY IPFs	2,550.511	100.0
of which:		
GNP per capita below $750	2,229.092	87.4
GNP per capita above $750	321.419	12.6
of which:		
LDCs	1,486.435	58.3
Non-LDCs	1,064.076	41.7
OTHER COUNTRY IPFs		
National liberation movements	8.400	
Caribbean multi-island	2.450	
Pacific multi-island	2.450	
TOTAL COUNTRY IPFs including NLMs and multi-island	2,563.811	86.3
II. REGIONAL IPFS		
AFRICA	127.120	
ASIA AND THE PACIFIC	105.980	
ARAB STATES	21.690	
LATIN AMERICA AND THE CARIBBEAN	22.030	
EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES	6.197	
TOTAL REGIONAL IPFs	283.017	9.5
III. INTERREGIONAL IPFs	46.900	1.6
IV. GLOBAL IPFs	78.400	2.6
TOTAL FIFTH CYCLE IPFs	2,972.128	100.0

Table 3. **Special Programme Resources: Summary status by category**

(millions of dollars)

A. Disaster mitigation

Subcategory	(1) Carry-over of fourth cycle entitlements	(2) Proposed fifth cycle SPR	(3) Fifth cycle entitlements (1+2)	(4) Approved budgets	(5) Pipeline a/ budgets	(6) Balance of fifth cycle entitlements (3) - (4) - (5) $	(6) Balance of fifth cycle entitlements (3) - (4) - (5) %
A1. Disaster preparedness and management	0.2	10.5	10.7	4.5	-	6.2	57.9
A2. Emergency relief	1.3	4.9	6.2	3.6	-	2.6	41.9
A3. Reconstruction and rehabilitation	6.6	12.6	19.2	12.2	-	7.0	36.5
A4. Refugees, displaced persons and returnees	0.3	7.0	7.3	2.8	-	4.5	61.6
Subtotal	**8.4**	**35.0**	**43.4**	**23.1**	**-**	**20.3**	**46.8**

B. Thematic activities

Subcategory	(1) Carry-over of fourth cycle entitlements	(2) Proposed fifth cycle SPR	(3) Fifth cycle entitlements (1+2)	(4) Approved budgets	(5) Pipeline a/ budgets	(6) Balance of fifth cycle entitlements (3) - (4) - (5) $	(6) Balance of fifth cycle entitlements (3) - (4) - (5) %
B1. Poverty eradication and grass-roots participation in development	-	14.0	14.0	9.5	0.1	4.4	31.4
B2. Environmental problems and natural resources management	0.1	17.5	17.6	12.2	3.9	1.5	8.5
B3. Management development	37.0	28.0	65.0	37.9	23.4	3.7	5.7
B4. Technical cooperation among developing countries	2.8	10.5	13.3	11.0	2.3	-	-
B5. Transfer and adaptation of technology for development	-	4.9	4.9	1.2	3.6	0.1	2.0
B6. Women in development	-	5.6	5.6	2.8	2.8	-	-
Subtotal	**39.9**	**80.5**	**120.4**	**74.6**	**36.1**	**9.7**	**8.1**

Table 3 (continued)

C. Other special and/or new activities

Subcategory	(1) Carry-over of fourth cycle entitlements	(2) Proposed fifth cycle SPR	(3) Fifth cycle entitlements (1+2)	(4) Approved budgets	(5) Pipeline a/ budgets	(6) Balance of fifth cycle entitlements (3) - (4) - (5) $	(6) Balance of fifth cycle entitlements (3) - (4) - (5) %
C1. Human development report	-	3.5	3.5	2.5	0.3	0.7	20.0
C2. Special Plan of Economic Assistance to Central America	5.9	14.0	19.9	18.6	1.4	(0.1)	(0.5)
C3. United Nations Programme of Action for African Economic Recovery and Development	-	7.0	7.0	5.0	2.0	-	-
C4. Drug abuse control/crop substitution	-	3.5	3.5	0.7	-	2.8	80.0
C5. HIV/AIDS	-	3.5	3.5	3.5	-	-	-
C6. Social dimensions of adjustment	-	0.9	0.9	-	0.9	-	-
C7. World Conference on Education for All	-	0.9	0.9	0.9	-	-	-
C8. Private sector development	0.8	2.8	3.6	2.9	0.2	0.5	13.9
C9. NGOs	0.5	0.9	1.4	0.8	-	0.6	42.9
Subtotal	**7.2**	**37.0**	**44.2**	**34.9**	**4.8**	**4.5**	**10.2**

D. Aid coordination

Subcategory	(1) Carry-over of fourth cycle entitlements	(2) Proposed fifth cycle SPR	(3) Fifth cycle entitlements (1+2)	(4) Approved budgets	(5) Pipeline a/ budgets	(6) Balance of fifth cycle entitlements (3) - (4) - (5) $	(6) Balance of fifth cycle entitlements (3) - (4) - (5) %
D1. Round-table meetings and support to Consultative Group meetings	-	8.8	8.8	3.7	4.3	0.8	9.1
D2. NATCAPs	4.0	8.8	12.8	8.6	0.1	4.1	32.0
D3. Others	0.6	3.5	4.1	1.6	2.2	0.3	7.3
D4. Country programme initiatives	-	3.5	3.5	0.3	3.2	-	-
Subtotal	**4.6**	**24.6**	**29.2**	**14.2**	**9.8**	**5.2**	**17.8**

Table 3 (continued)

E. Programme development

Subcategory	(1) Carry-over of fourth cycle entitlements	(2) Proposed fifth cycle SPR	(3) Fifth cycle entitlements (1+2)	(4) Approved budgets	(5) Pipeline a/ budgets	(6) Balance of fifth cycle entitlements (3) - (4) - (5) $	(6) Balance of fifth cycle entitlements (3) - (4) - (5) %
E1. Project Development Facility	1.0	10.5	11.5	6.2	0.6	4.7	40.9
E2. Programme evaluation/training	0.3	4.9	5.2	2.3	2.9	-	-
E3. Programme research	-	4.9	4.9	4.2	0.2	0.5	10.2
Subtotal	**1.3**	**20.3**	**21.6**	**12.7**	**3.7**	**5.2**	**24.1**

F. Assistance to Palestinian People

Category	(1) Carry-over of fourth cycle entitlements	(2) Proposed fifth cycle SPR	(3) Fifth cycle entitlements (1+2)	(4) Approved budgets	(5) Pipeline a/ budgets	(6) Balance of fifth cycle entitlements (3) - (4) - (5) $	(6) Balance of fifth cycle entitlements (3) - (4) - (5) %
F. Assistance to the Palestinian people	4.3	10.5	14.8	13.7	15.2	(14.1)	(95.3)

G. Contingencies

Category	(1) Carry-over of fourth cycle entitlements	(2) Proposed fifth cycle SPR	(3) Fifth cycle entitlements (1+2)	(4) Approved budgets	(5) Pipeline a/ budgets	(6) Balance of fifth cycle entitlements (3) - (4) - (5) $	(6) Balance of fifth cycle entitlements (3) - (4) - (5) %
G. Contingencies	(0.5)	11.2	10.7	1.9	-	8.8	82.2

TOTAL	**65.2**	**219.1**	**284.3**	**175.1**	**69.6**	**39.6**	**13.9**

a/ Representing allocations not yet represented in approved budgets and pipeline proposals that are expected to be approved shortly.

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FUTURE OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

MATTERS RELATING TO THE PROGRAMMING CYCLES

"Main Principles and Guidelines for the Sixth Programming Cycle of the United Nations Development Programme", declaration adopted in Buenos Aires on 12 April 1994 by Argentina, Brazil, Chile, Paraguay and Uruguay

Note by the Administrator

1. The Permanent Representatives of Argentina, Brazil, Chile, Paraguay and Uruguay to the United Nations, in a letter of 18 April 1994 to the Administrator, have requested that the attached declaration entitled "Main Principles and Guidelines for the Sixth Programming Cycle of the United Nations Development Programme", adopted in Buenos Aires on 12 April 1994 by Argentina, Brazil, Chile, Paraguay and Uruguay, be circulated as an official document under items 3 and 4 of the provisional agenda of the 1994 annual session, since the commitments undertaken in Buenos Aires are related to those items.

2. Accordingly, the Administrator has the honour to transmit the annexed declaration to the Executive Board.

Annex

DECLARATION

MAIN PRINCIPLES AND GUIDELINES FOR THE SIXTH PROGRAMMING CYCLE OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

The countries of the Southern Cone Common Market and Chile,

Recalling the following resolutions of the United Nations General Assembly:

(a) 2688 (XXV) on the Capacity of the United Nations development system (consensus of 1970) of 11 December 1970;

(b) 44/211 on the Comprehensive triennial policy review of operational activities for development of the United Nations system of 22 December 1989;

(c) 47/199 on the Triennial policy review of operational activities for development within the United Nations system of 22 December 1992;

Taking into account United Nations Development Programme Governing Council decisions 90/34 on the fifth programming cycle and 91/29 on preparations for the fifth programming cycle,

Having conducted a medium-term evaluation of United Nations Development Programme activities during the fifth programming cycle in general, and in the five countries of the Southern Cone Common Market and Chile in particular,

Taking into account the preliminary discussions on the sixth programming cycle at the fortieth session of the Governing Council of the United Nations Development Programme (1993),

Analysing recent trends in financial flows to the United Nations Development Programme in general and the financial situation with respect to activities in Latin America and the Caribbean in particular,

Observing with concern the main ideas that have been propounded in various official statements on the future of the United Nations Development Programme,

Stressing paragraph 18 of the joint communiqué issued on 17 January 1994 by the Presidents of the countries of the Southern Cone Common Market regarding the eligibility of member countries as recipients on concessional terms and on the basis of the broadest possible participation in the United Nations system,

Bearing in mind that the issue of the sixth programming cycle will be considered at the regional level within the framework of the Latin American Economic System in May 1994 and thereafter at the Executive Board of the United Nations Development Programme in June 1994,

1. Reaffirm the principles of eligibility of all developing countries on the basis of the fundamental characteristics of the operational activities for

development of the United Nations system which are, inter alia, their universal, voluntary and grant nature, neutrality and multilateralism, and ability to respond to the needs of the developing countries in a flexible manner, and that the operational activities of the United Nations system are carried out for the benefit of the developing countries, at the request of those countries and in accordance with their own policies and priorities for development;

2. Emphasize the need to consider and define the role of the United Nations Development Programme having regard to the current international context and taking into account the positive experience of the Latin American and Caribbean Countries during the fifth cycle in the execution of their respective national programmes and in the application at the national level of issues considered priorities in the multilateral agenda;

3. Emphasize the importance in the fifth cycle (compared to previous cycles) of counterpart cost-sharing contributions and Government cash contributions which, in the case of Latin America and the Caribbean, account for 88.2 per cent of the total budget approved for the region for the period 1992-1996, in addition to the 11.8 per cent from indicative planning figures. Because of this allocation of extrabudgetary resources the volume of cooperation activities is nearly nine times greater than would have been possible with voluntary contributions alone. These activities have strengthened the United Nations Development Programme as a whole and the recipient countries also and have at the same time contributed to financing the operations of other regional offices;

4. Reiterate the general principle governing the current legal framework of United Nations Development Programme activities whereby country programming should be based on the national development priorities of the countries and on the operational modalities chosen by them for the execution of projects, including, in particular, modalities that give priority to economic and technical cooperation among developing countries;

5. Stress the vital importance of effective support from field offices for national execution and, in particular, for nationally administered programmes and projects, as well as the need to review the utilization of regional indicative planning figures with a view to integrating them into important activities selected by the countries;

6. Emphasize the need to consider additional methodologies for the allocation of resources to national programmes other than per capita gross domestic product (calculated on the basis of exchange rates or domestic purchasing power) and acknowledge that specific and separate policies based on case-by-case analyses are needed in addressing the issue of development and of structural bottlenecks to economic growth;

7. Recall the division of labour between the United Nations General Assembly, the Economic and Social Council and the subsidiary programmes of the Council as provided for by General Assembly resolution 48/162 of 10 December 1993 which also defines the specific functions of the Executive Board of the United Nations Development Programme;

8. Agree:

(a) To publicize these principles and guidelines for the sixth programming cycle at all levels throughout the Latin American and Caribbean region, other regions of the developing world, countries with economies in transition, developed countries, the operational activities for development of the United Nations system in general and the United Nations Development Programme in particular;

(b) To continue their in-depth analysis of the regional principles and guidelines for the sixth programming cycle of the United Nations Development Programme;

Signed: Mr. Carlos E. Zaballa
Assistant Secretary for International Cooperation of the Ministry of Foreign Affairs, International Trade and Worship of the Argentine Republic

Signed: Mr. Sergio Arruda
Director of the Brazilian Agency for Cooperation
Federative Republic of Brazil

Signed: Mr. Carlos Fuensalida Claro
Executive Director of the Agency for International Cooperation of the Republic of Chile

Signed: Ms. Leyla Dami de Giménez
Director of the Office for International Technical Cooperation of the Republic of Paraguay

Signed: Mr. Mariano Berro
Director of the Division for International Cooperation of the Office for Planning and the Budget, Office of the President of the Eastern Republic of Uruguay

Buenos Aires, 12 April 1994

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MATTERS RELATING TO THE PROGRAMMING CYCLE

Conceptual paper on issues relating to the sixth programming cycle

Report of the Administrator

I. INTRODUCTION

1. Following extensive discussion of the report of the Administrator on matters relating to the programming cycles (DP/1993/21), the Governing Council requested, in its decision 93/24 of 17 June 1993, that a conceptual paper on issues relating to the sixth programming cycle be submitted at its forty-first session. The present report represents an important stage in an extended consultative process that is currently scheduled to culminate in June 1995 with the establishment of a framework for the sixth UNDP programming cycle. 1/

2. Since July 1993, the Administrator has consulted extensively with Governments about UNDP's broad mission, future goals and agenda for change. The Administrator's presentation to the Executive Board in February 1994 highlighted the rationale for these changes, the new approaches to development cooperation, in line with various legislative mandates, and the Programme's emerging mission and operational goals. In his paper entitled "Initiatives for change" (DP/1994/39) submitted to the Executive Board at its current session, the Administrator reports further on the future agenda for UNDP, including his continuing consultations on this subject with Governments and with UNDP Resident Representatives at the March 1994 global meeting.

3. In this broader context, the present paper provides an overview of the origin and evolution of the programming cycle concept; analyses trends and issues that have emerged over the years, particularly during the present cycle; and identifies their implications for the sixth cycle or other successor arrangements for future programming. Thus, the paper is meant to advance the discussion of these matters by the Executive Board and to elicit feedback and

guidance. Following the current session, the Administrator expects to hold further consultations and carry out more detailed technical studies as part of the process leading up to decisions regarding the sixth cycle to be adopted by the Board at its annual session, in June 1995.

II. ORIGINS AND EVOLUTION OF THE PROGRAMMING CYCLE CONCEPT

4. The establishment of a cycle permits the UNDP governing body, on a periodic basis, to set certain programming priorities, arrive at a consensus about the provision of resources and their distribution, and grant financial authority to continue programming. The original structure of the first programming cycle was based on the principles contained in General Assembly resolution 2688 (XXV) of 11 December 1970 (the Consensus resolution), which included: voluntary contributions to a central "core" fund; a five-year framework intended to help Governments integrate technical cooperation support in their own national plans; the assignment of indicative planning figures (IPFs) to provide some degree of predictability in the level of funding; and programming of IPFs in line with national priorities as set out in the country programme document. Although significant changes have been made over time to this approach, key aspects have been retained in the approval of successive cycles, which served to maintain programme continuity.

5. However, cumulative changes in the programming environment now necessitate a reassessment of the basic underpinnings of the cycle structure against present realities. These considerations include the following:

(a) Voluntary contributions to UNDP core resources (the only resources governed by programming cycle parameters) are no longer as large a part of UNDP overall resources, given the increases in earmarked, special purpose and cost-sharing funds flowing to UNDP, especially in recent years. Although the share of UNDP activities financed by core voluntary contributions has declined, the core programme remains sine qua non for UNDP

(b) The current system has proven an inadequate predictor of resources available to countries over the cycle as the growth targets for contributions set by the Governing Council have not been fulfilled. The partial funding mechanism, whereby programming and forward commitment of funds are based on expected levels of future voluntary income, poses fiscal and programmatic risks, demanding elaborate monitoring and control systems, and responsive programme build-up and restraint mechanisms;

(c) Central planning with fixed, five-year time-frames has fallen from favour in many parts of the world and is frequently superseded by structural adjustment and other national programmes of shorter duration. Also, it often seems more chance than design when the UNDP five-year programming cycle coincides with a Government's planning cycle, other United Nations agency programme time-frames, or even the years covered by individual UNDP country programmes;

(d) The General Assembly, in its resolutions 44/211 and 47/199, and the Governing Council, in various legislation, have set in motion a process of major

reform in the United Nations system operational activities, including: the introduction of the programme approach; the country strategy note; strengthening the Resident Coordinator role; national execution; new support cost arrangements; and areas of programme concentration. In order to respond to these requirements, UNDP must be able to play a larger, more demanding role to support the coordination and effectiveness of the overall United Nations operational system at the country level. Country resources need to be programmed, at least in part, with the effective delivery of overall United Nations development assistance in mind;

(e) The pattern of Official Development Assistance (ODA) resource flows has shifted significantly in recent years, with a declining share of ODA going to the United Nations system. Resources are increasingly needed for emergency, humanitarian and peace-keeping purposes, sometimes reducing support going to long-term development activities. Also, many new participants have entered the technical cooperation field, and international finance institutions have greatly expanded their technical cooperation activities. At the same time, the role of UNDP as a central fund for the United Nations system has eroded, with UNDP resources no longer representing as large a share of United Nations system expenditures for technical cooperation as in the 1970s. The specialized agencies have sought and often received funding for their own technical cooperation activities;

(f) Lastly, there has been a considerable shift of programme resources to low-income countries. This has meant that remaining IPF resources are spread very thinly among the other eligible countries, which limits the degree to which they can participate, access assistance, and, importantly, use UNDP support as a catalyst for mobilizing additional resources.

6. The above overview indicates that the next UNDP programming period cannot easily be extrapolated from the structure of previous cycles, and, indeed, that the very concept of a fixed, five-year cycle needs to be reviewed. The present environment may well call for a more complex model that would incorporate financing mechanisms and resource distribution and management considerations into a broader framework for the next programming period.

7. The issues introduced above and others are explored in greater detail in sections III-V below, which analyse key trends and issues that have emerged over the history of the programming cycles and identify their implications for establishing the next programming framework. This review covers the three interrelated components that have characterized the first five cycles: programming objectives; financing mechanisms; and resource distribution.

III. PROGRAMMING OBJECTIVES: TRENDS, ISSUES AND IMPLICATIONS

8. The original parameters for the programming cycle envisaged the five-year country programme, formulated jointly by Governments and UNDP and subject to Governing Council approval, as the main framework for all assistance. Integrated programming of resources over an extended period of time, using the country programme as the main frame of reference for all United Nations/UNDP assistance to a country, was intended to be the major programming thrust for the

first and later programming cycles. This process was designed to help realize national development priorities.

9. From the early 1980s, there has been increasing concern on the part of various countries that unrestricted use of IPFs for disparate purposes had led to a scattering of assistance, with the consequent loss of programme focus and impact. Indeed, in its decision 92/28, the Governing Council specifically requested the Administrator to "continue to increase the focus of country programmes on a smaller number of concentration areas according to recipient country needs", taking into account the comparative advantages of UNDP. The table in the annex provides a comparative picture of the sectoral distribution of UNDP resources over the first five programming cycles. It shows that UNDP resources are indeed distributed widely over a large number of areas even though there has been a marked increase in the share of resources allocated to the upstream areas of aid coordination and management. However, UNDP does not believe that the categories and framework for data collection used in the table allow adequate depiction or analysis of UNDP programming. Accordingly, the current framework is being reviewed to permit more accurate and appropriate analyses.

10. Since the early 1980s, many Governments have urged greater use of UNDP funds and other ODA to support country efforts to reach development goals agreed to in international forums. Simultaneously, the support of ODA in donor countries has increasingly centered on certain objectives or themes, such as poverty elimination.

11. The trends described above culminated in the establishment by the Governing Council in its decision 90/34 of six thematic areas of focus for the fifth cycle and an increased financial earmarking, through the Special Programme Resources (SPR), to promote these areas of focus. The Council emphasized more rigorous procedures for country programme formulation, approval and subsequent reviews, reserving an important role for itself in overseeing the process.

12. UNDP has also achieved significant increases in mobilizing non-core funds through cost-sharing arrangements and trust funds. These increases in non-core funds in UNDP reflect an overall trend in both bilateral and multilateral ODA towards earmarked or targeted support. The growth of non-core funds also illustrates some donors' preference for specific thematic or cross-cutting programmes (e.g. the environment, women, governance) as compared to the more open-ended programming, as noted above.

13. In his presentation to the Executive Board in February 1994, the Administrator referred to the lack of focus and clarity of mission in UNDP activities. He reiterated that resources had been spread too thinly over a wide range of activities, leading to inefficiency and unevenness in performance and impact. He proposed that UNDP strengthen and focus its programme for maximum effect and also proposed guidelines for doing so that built on prior decisions of the Governing Council.

Implications for the sixth cycle: programming objectives

14. It is clear from the above that increased focus to avoid "scatterization" and to enhance impact and accountability for results should constitute a major objective for sixth-cycle programming. The Administrator has proposed that, within the overall framework of sustainable human development, four objectives - poverty elimination, environmental regeneration, job creation, and advancement of women and other disadvantaged groups - should constitute complementary and synergistic themes for UNDP programmes. These themes are based on the areas of focus established in Governing Council decision 90/34 and on the expressed priorities and goals of programme countries. Governing Council decisions and country priorities have also provided guidance on the means UNDP can utilize to support countries in meeting their sustainable human development objectives. Ten such interventions, which are based on UNDP mandates, have been proposed: (a) help build government capacity for aid coordination; development management, programme implementation and public sector reform; economic management and market reforms; and the protection of human rights, elections and independent judiciaries; (b) provide support for the development of sustainable human development operational frameworks that can, inter alia, link and make better use of other planning requirements associated with ODA; (c) support Governments in identifying, designing and implementing long-term development programmes, including strategies and action plans; (d) mobilize, package and promote access to financial resources; (e) promote technology transfer and the adaptation and access to the latest technology; (f) support technical cooperation among developing countries; (g) promote capacity-building in civil society, grass-roots development, participatory approaches and the empowerment of people, and work in close partnership with non-governmental organizations (NGOs) and community-based organizations (CBOs); (h) support high-leverage, downstream projects to validate policy ideas, demonstrate grass-roots success, or launch major programmatic initiatives, (i) forge North-South partnerships and reach needed international agreements; and (j) provide integrated support for national and regional processes of reconciliation, peace building, and reintegration.

15. This framework has important implications for programming in the sixth cycle or other successor arrangements. It is expected to bring about a powerful focus to UNDP programmes and result in a significant increase in their impact and effectiveness.

IV. FINANCING MECHANISMS: TRENDS, ISSUES AND IMPLICATIONS

16. From the first programming cycle, voluntary contributions to the central core fund have constituted the principal financing mechanism for UNDP. During the 1970s, the virtues of such a core fund were generally extolled and donors were exhorted to contribute to the central fund rather than to special purpose trust funds. The programming cycle framework established by the Council is implicitly assumed to apply only to IPF, SPR and other core-funded activities.

17. While voluntary contributions to the core fund continue to constitute the central basis on which the activities of UNDP are carried out, they have stagnated in recent years. In contrast, non-core resources expanded considerably during the 1980s, reflecting a global trend towards earmarking of

ODA. The problems of planning and programming these changing resource flows carry significant implications for the sixth cycle. A brief description of the trends and issues surrounding core and non-core resources and their implications for the sixth cycle is provided in the two subsections below.

A. Core resources

18. Financial planning and the management of core resources have been subject to considerable complexity and uncertainty. While donor countries continue to make annual, voluntary contributions (despite various attempts to encourage multi-year pledging), forward planning and budgeting extend over a multi-year period. Critical to the successful operation of the system is agreement on resource mobilization targets for voluntary contributions, which have traditionally been a major point of negotiations in deliberations on programming cycles. Programme countries have tended to view the negotiated target growth rate as a commitment the donor community makes in order to reach agreement on various other programming stipulations, including programme focus and the resource distribution methodology.

19. However, annual growth rates actually achieved in past cycles have fallen short of their targets. For the first four completed cycles, the target and actual rates were respectively 9.6 per cent versus 18.7 per cent (first cycle); 14 per cent versus 8.9 per cent (second cycle); 14 per cent versus 3.1 per cent (third cycle); and 8 per cent versus 6.4 per cent (fourth cycle). Thus far in the fifth cycle, resources have declined at an annual average rate of 4.3 per cent compared to the 8 per cent growth rate target originally established. For the most part, the negotiated targets have proven to be overly optimistic.

20. In this connection, it should be noted that exchange rate fluctuations vis-à-vis the national currencies have been a significant factor in the actual growth (or decline) of contributions. For instance, in the fifth cycle, even though the overall decline in contributions has been 4.3 per cent, the actual decline in national currencies amounted to only 2.9 per cent, with the remaining 1.4 per cent attributable to the change in value of the United States dollar vis-à-vis other national currencies.

21. Given these fluctuations in resource levels, it is not surprising that the IPF system has not proven to be a good predictor of actual programming levels. For instance, 98 per cent of the planned IPFs were delivered in the second cycle; 51 per cent in the third; 112 per cent in the fourth; and if present trends continue, approximately 70 per cent will be delivered in the fifth cycle. Over the cycles, this volatility has obliged UNDP to institute elaborate methods to monitor and control financial commitments and adjust programme build-up.

22. Thus, while the five-year time span of the programming cycle and the IPF system were instituted to provide Governments with some degree of funding predictability, this expectation has not been fulfilled.

23. Over the years, the partial-funding nature of the financing system has exposed UNDP to certain programmatic and financial risks since project

commitments are made for future years without necessarily having firm cash resources to cover them at all times. The degree of partial funding can be measured by computing the percentage of forward commitments at the beginning of a calendar year that are covered by programming resources available from that year's annual voluntary pledges. In 1987, this was 71 per cent; it fell to 63 per cent during the years 1988-1990; and for 1992-1994, it fell further to 55 per cent. In other words, 55 per cent of the programme budgets outstanding as of January 1994 were covered by programming resources available from 1994 voluntary pledges.

24. Finally, the donor base for voluntary contributions to UNDP continues to be narrow. As almost 83 per cent of core resources are provided by 10 major contributors, the programme is extremely vulnerable to reduced contributions from any one major donor. Thus, while the system of voluntary pledges offers the greatest flexibility to donors, it has proven to be a volatile financial mechanism for the programme. In this context, it is worthwhile to note that 10 programme countries make voluntary contributions of $1 million or more to the core resources of UNDP.

B. Non-core funding

25. In the early cycles, the mobilization of non-core funds was not a priority. In fact, the Governing Council had originally limited cost-sharing funds to only 30 per cent of a country's total IPF so that the main programming thrust of IPF-funded programmes would not be distorted by cost-sharing activities. However, relative declines in core funding combined with increasing donor preference for special purpose funds fostered a recognition of the growing importance of non-core funding. Consequently, the restriction on cost-sharing was removed altogether in 1983, and, as another measure designed to increase non-core contributions, the Administrator was also permitted to establish trust funds under his own authority.

26. Contributions to trust funds and cost-sharing expanded during the 1980s and are projected to increase considerably during the fifth cycle, as can be seen from the diagram in the annex. 2/ Current estimates indicate that non-core programme funding (cost-sharing and trust funds) over the period of the fifth cycle is expected to amount to almost 89 per cent of the value of core programme funding, as compared to 28 per cent during the years of the fourth cycle. Thus, for every $100 programmed from core funds in the fifth cycle, UNDP is also programming $89 of non-core funds.

27. It may be useful to analyse briefly the components of non-core programme resources under two categories: cost-sharing; and trust funds and other special purpose funds (including the United Nations Capital Development Fund (UNCDF), the United Nations Sudano-Sahelian Office (UNSO), the Global Environment Facility (GEF), the Montreal Protocol, CAPACITY 21, and other funds established by the Administrator for specific purposes). The resource base for non-core programme funds in the fifth cycle is equivalent to 89 per cent of core programme funds, of which 54 per cent is attributable to cost-sharing and 35 per cent to trust and other funds. The diagram in the annex illustrates the relative magnitude of the funds involved.

28. The cost-sharing base of 54 per cent is further divided into (a) 48 per cent for country-level activities and (b) 6 per cent for intercountry activities. The contributions for (a) are provided partly by host Governments (41 per cent) and partly by third-party donors (7 per cent) whereas the contributions for (b) are received mostly from third-party donors. Cost-sharing activities are concentrated mostly in middle-income countries (38 per cent) and funded by those countries. In contrast, the balance of 10 per cent assigned to low-income countries is received almost equally from third-party donors and those countries.

29. The Latin American and Caribbean region has been particularly successful in mobilizing significant amounts of cost-sharing contributions in the fifth cycle. Host Governments have provided over 64 per cent of the cost-sharing funds, a reflection of the trust placed by these Governments in the unbiased and neutral advice provided by UNDP as well as the efficiency of the services provided at the country level. An important source for cost-sharing has been multilateral institutions such as the World Bank and the Inter-American Development Bank, which have called upon UNDP for assistance in improving the implementation of activities they finance.

30. The significant increases in non-core funding are a result of targeted efforts to mobilize resources that might otherwise have not been channelled through UNDP and its main programmes. It must be emphasized, however, that mobilizing non-core resources very much depends on the availability of a minimal input of core resources (from IPF, SPR, or in the broadest sense, the UNDP biennial budget that supports the country office network). The commitment of relatively small amounts of core resources is crucial to UNDP fulfilling its coordination role and helps to galvanize support from a wide variety of existing and potential ODA flows, including multilateral, bilateral and national sources.

Implications for the sixth cycle: financing mechanisms

31. The core funds of UNDP have been, and will continue to constitute, the primary financial underpinning for UNDP and its country programmes. These resources provide the fundamental support needed for maintaining UNDP's extensive network of country offices, which indeed serves also as the basic infrastructure for the United Nations development system as a whole. The continuation of a core programme, at an increasing and predictable level during the sixth cycle or successor arrangements, is considered vital.

32. The analysis presented above, however, suggests that the current IPF system, based on five-year planning but financed from annual voluntary contributions, is subject to considerable financial and programmatic risks. It would be useful to examine appropriate mechanisms to minimize such risks.

33. First, the notion of the IPF, literally conceived as an indicative figure used for planning purposes only, has been perceived over the cycles as an entitlement, and equated with actual resources. It may be necessary to re-emphasize the original definition of the IPF as a planning figure, which would be firmed up in annual segments, only as resources materialize.

34. Second, minimizing financial risks under the current system implies limiting financial commitments for future years in that resource projections for those years carry the greatest uncertainty. Thus, reducing the planning horizon (say, from five to three years) would have the effect of reducing financial exposure.

35. Third, the IPF has proven to be a poor predictor of resources and programming levels partly because it is a static figure, established five years in advance and revised infrequently. The implication of this is that more frequent and dynamic revisions of the IPF framework, to reflect actual resource availability, may bring the system more in line with operational realities. A rolling IPF scheme, revised annually, might constitute a solution to this problem.

36. More generally, financial mechanisms other than the current voluntary funding modalities are also under review. In this connection, attention may be drawn to General Assembly resolution 48/162, in annex I of which it is stated that "as part of the overall resource process, there is a need for a substantial increase in resources for operational activities for development on a predictable, continuous and assured basis, commensurate with the increasing needs of developing countries". In the same resolution, the Secretary-General is requested "to review and analyse possible changes and improvements in the present funding system, including, but not limited to, multi-year negotiated pledges, and to submit a report with his recommendations in April 1994". In response to this resolution, a study has been carried out by the United Nations in consultation with the various funding agencies and programmes. The study has addressed the feasibility and advantages/disadvantages of major funding mechanisms, including the system of voluntary pledges; assessed contributions; replenishment system; negotiated pledges; and a range of mixed funding mechanisms, such as those proposed in the Nordic United Nations Project entitled "The United Nations in Development", published in 1991.

37. UNDP experience in the last two decades suggests that a financing mechanism should: (a) provide an increasing level of resources commensurate with the needs of developing countries and the funding targets established in specific development areas by various global compacts and agreements, such as Agenda 21; (b) ensure a predictable level of contributions for multiple years; and (c) within this framework, work towards equitable burden-sharing over a wide range of contributing countries, taking into account their global and bilateral responsibilities.

38. As stated earlier, UNDP has evolved a variety of funding mechanisms to mobilize non-core resources without compromising the voluntary nature of its core financing. Given the increases in non-core resources and the potential for accessing additional ODA not presently available to UNDP, it will be necessary to continue to establish financial mechanisms that will enable UNDP to tap into those resources and channel them for integrated programming together with core funds. Additionally, the identification and marketing of an array of UNDP products (such as the Development Programme for Displaced Persons, Refugees and Returnees (PRODERE) initiatives) and the establishment of thematic funds in the UNDP focus areas may also serve as mechanisms to mobilize resources for these areas.

39. The discussions in the General Assembly and other forums would certainly have an impact on the nature of the financing mechanisms to be used in the sixth cycle. UNDP intends to participate fully in these discussions, bringing to them both its experience in the last two decades, as well as the needs it foresees for the future.

V. RESOURCE DISTRIBUTION: TRENDS, ISSUES AND IMPLICATIONS

40. Resource distribution issues have monopolized much of the discussion leading to the establishment of programming cycles. The current methodology for resource distribution and the main issues emerging from its application are crucial to the present analysis and are outlined below. 3/ The diagram in the annex provides a comparative overview of resource distribution over the cycles, from which the following trends may be noted:

(a) The decline in core resources as a share of overall UNDP resources; and the increased importance of non-core funds;

(b) The increasing share of the SPR;

(c) The erosion in the share of resources flowing to regional programmes; and

(d) The shift of resources to low-income countries and away from middle-income countries.

41. The analysis below deals with three areas: (a) methodology for distribution of programme resources as country IPFs; (b) eligibility and graduation policy; and (c) SPR and intercountry earmarkings.

A. Distribution methodology for country IPFs

42. The resources available for country IPFs are distributed in accordance with the formula approved by the Governing Council based on gross national product (GNP) per capita and population and a set of supplementary criteria. In the fifth cycle, 75 per cent of country IPF allocations were based on GNP per capita and population, and 25 per cent on supplementary criteria.

43. Over the cycles, the Governing Council agreed on specific weights to be applied to the raw per capita GNP and population data. In general terms, the share for each country is calculated with greater weight given to lower incomes and higher populations. Applying varying weight coefficients to these factors at different thresholds allows resources to be shifted from one group of countries to another.

44. Countries that face special obstacles to development are awarded supplementary points that translate into additional IPFs. Supplementary criteria played a relatively minor role in the first three cycles but the list was expanded in the later cycles, with 10 criteria used in the fifth cycle. 4/

45. The Governing Council's main objective in the distribution of country IPFs has been what may be termed progressivity, whereby a higher proportion of resources are allocated to lower-income countries. The impact of the application of this principle over time becomes apparent from the diagram in the annex. The 66 countries with GNP per capita currently below $750 were assigned 70 per cent of total core programme resources in the fifth cycle (or 87 per cent of country IPFs), compared to 46 per cent in the first. 5/ Similarly, total core programme resources allocated to countries currently assigned least developed country (LDC) status amounted to 48 per cent in the fifth cycle (or 59 per cent of country IPFs), compared to 28 per cent in the first. As a result of the increased allocation to low-income countries, the resources allocated to the other countries (i.e., countries whose GNP per capita exceeds $750) have been greatly reduced. Thus, 109 countries in the middle-income group are allocated 10 per cent of total core programme resources.

46. There has also been a marked shift in the distribution of IPF resources among regions from the first to the fifth cycles. The share of resources assigned to sub-Saharan Africa went from 29 per cent to 44 per cent from the first to the fifth cycles; from 25 per cent to 35 per cent for Asia and the Pacific; from 22 per cent to 8 per cent for Latin America and the Caribbean; from 14 per cent to 7 per cent for Arab States; and from 7 per cent to 2 per cent for Europe.

47. It is in the area of resource distribution that technical studies are most required and indeed already advanced. For instance, it has been suggested that alternate indicators such as the human development index (HDI) and/or GNP based on a purchasing-power parity (PPP) approach may be better at capturing real development needs. Consultations with various specialists indicate that the HDI is not considered technically viable at this stage for resource distribution purposes. Similarly, the World Bank and others have indicated that GNP data based on the purchasing-power parity approach are still not yet reliable enough, nor the coverage of countries extensive enough, to be used in a resource allocation model.

B. Eligibility and graduation

48. The Executive Board grants recipient status to a country upon application, based on assessment of its need for technical cooperation. While granting recipient status reflects acknowledgement of the need for development assistance in the country concerned, this status does not in itself guarantee resources to fund such assistance. The distribution methodology embodies within it the concept of graduation, whereby recipient countries achieving higher level of GNP per capita, and therefore a greater "ability to pay", receive proportionately lower IPFs, and eventually "graduate" to become net contributor countries (NCCs).

49. It may be recalled that graduation to NCC status occurs, in the current system, when the GNP per capita of a country exceeds a threshold level of $3,000 ($4,200 for island developing countries with populations under 2 million). For countries accorded NCC status and whose GNP per capita lies in the range $3,000-$6,000 ($4,200-$7,500 for island developing countries) an IPF is computed.

However, such an IPF is considered reimbursable. Advances can be drawn against this IPF and reimbursements made subsequently in annual segments. For NCCs whose GNP per capita exceeds $6,000 ($7,500 for island developing countries), an IPF is not established. In both cases, the costs of a UNDP country office are to be borne by the country concerned. However, the costs of the Resident Representative are borne by UNDP when the programme in that country (funded by host government sources) exceeds $10 million for the cycle. The cost of a Deputy Resident Representative may also be covered by UNDP if the size of the programme exceeds $15 million.

50. In the fifth cycle, 21 countries are designated NCCs, 10 of which have been accorded a (reimbursable) IPF. Nine NCCs are served from UNDP offices located in their countries. The total IPFs of the 10 programmes amount to $10 million.

51. Despite their higher levels of GNP, many NCCs continue to require technical cooperation geared to their stage of development and specific needs. While these countries can obtain needed assistance through other modalities (e.g., the private sector), they frequently choose to access the required assistance through UNDP and the United Nations specialized agencies. Not only do such arrangements offer obvious links to global networks and standards of expertise but they also offer certain advantages in terms of neutrality, transparency, accountability and proven effectiveness (e.g., in assisting implementation of non-performing loans).

52. UNDP continues to encourage NCCs and potential NCCs to build programmes funded from their own resources. The presence of UNDP country offices in the NCCs, financed from host government contributions, contributes to the global coverage and universality of UNDP (thus facilitating the Resident Coordinator function), promotes global compacts and priorities; helps provide technical and policy support to the Governments concerned; facilitates the sharing and cross-fertilization of development experience among countries; and permits these countries to participate in international networks and systems. It is also recognized that many NCC countries are already, or may soon offer the potential of becoming, major contributor countries.

53. Despite the desire of NCCs to continue to access United Nations system expertise, upon graduation these countries often find the provisions for local office costs and programme financing punitive and abrupt, offering little incentive to mobilize national or third-party programme funding.

54. Many countries (mainly those with low and/or declining IPFs) believe that increased "progressivity" in the distribution of IPF resources brings resources assigned to the middle-income countries below the critical mass needed for these funds to attract additional development support from national as well as third-party sources. Such countries contend that this increasing marginalization breaches the organization's universality principle and prevents them from accessing assistance available through UNDP programming channels.

55. It should also be noted that several NCCs and potential NCCs, which currently enjoy an IPF, have built up programmes of considerable magnitude, ranging from five to ten times their IPFs. In these cases, the use of IPFs,

however small, has been instrumental in mobilizing significantly larger resources for financing UNDP programmes in these countries.

C. SPR and intercountry earmarkings

56. Within the broad financial framework for core programme funds, expected resources are apportioned into two broad categories: IPFs for country and intercountry programmes and the SPR. While in the earlier cycles, only a modest amount was assigned to the SPR, this increased significantly to 7 per cent of core programme resources in the fifth cycle, compared to 4.9 per cent in the fourth cycle and 1.7 per cent in the third cycle. At its increased level, as shown in the report of the Administrator on the mid-term review of the fifth programming cycle (DP/1994/18), the SPR is proving to be a powerful tool for innovation. Based on experience so far, the Administrator intends to make the SPR more responsive to country-level needs and to decentralize its management to the Regional Bureaux and UNDP country offices.

57. Within the overall allocations for IPFs, separate earmarkings are made for regional, and interregional and global programmes. In the fifth cycle, 13 per cent of programme resources were allocated to intercountry IPFs. The intercountry share is in turn allocated into global/interregional and regional shares, which were 4 and 9 per cent of core programme resources respectively in the fifth cycle.

58. The regional IPFs were reduced significantly in the fifth cycle in order to increase the allocation to LDCs. In operational terms, this reduction has led to severe cutbacks in some regional programmes and has therefore limited regional programme initiatives, leaving many regional needs unmet. UNDP regional and interregional and global programmes are a major area of strength and comparative advantage of UNDP as a grant-based institution.

Implications for the sixth cycle: resource distribution

59. As the subject of resource distribution is likely to continue to be of major concern to all Governments, the following implications may be of relevance.

Distribution methodology

60. The present methodology for prior distribution of resources is based on objective data, including GNP per capita and population, indicators that have proven very useful for achieving progressivity in the resources allocated to low-income countries. However, these indicators are said not to reflect a full range of development needs and achievements. This implies a need to examine various proposals that have been made to include social and economic indicators other than income and population in the resource distribution methodology.

61. First, while alternative indicators such as the HDI and PPP may be better suited to determine development needs and achievements (and hence to distribute development resources), for reasons explained earlier it may not be presently viable to use these indexes for this purpose.

62. Second, the list of supplementary criteria might be expanded to include additional indicators designed to measure advances made by Governments in addressing gaps in various human development dimensions over a period of time.

63. Third, it would be possible to modify the weights assigned to the various factors used in the methodology. For instance, in the overall IPF calculations, supplementary criteria have a weight of 25 per cent, and GNP and population, 75 per cent; these percentages could be adjusted to give more weight to supplementary criteria. Within the group of supplementary criteria, the number of points assigned to each can be used to adjust the weight of an individual criterion. Similarly, the proportionate weights for different levels of GNP per capita could be modified.

64. At this stage, it appears that a judicious combination of the GNP/population determinants together with an expansion of the supplementary criteria and an adjustment of various weights would help meet the objectives of using alternate indexes. Further work would need to be done to identify and assess appropriate criteria and establish an appropriate combination of thresholds, points and weights.

Eligibility and graduation implications

65. In the next programming period, it will be important to strive for progressivity in the resources allocated to low-income countries while still preserving the universality of programme participation by providing a minimum, critical mass of support to middle-income countries, which they can in turn use to mobilize additional resources.

66. Given the thresholds for NCC status, it is estimated that 37 countries would graduate and achieve NCC status in the sixth cycle, representing an increase of 16 programmes over the fifth cycle. The current IPFs of these 16 potentially new NCC countries currently amount to $55 million or 1.5 per cent of total IPFs.

67. It is interesting to examine the implications of increasing the NCC thresholds for the sixth cycle to, say, $4,700, which represents the World Bank graduation level. It is estimated that using this threshold, a total of 27 countries would qualify as NCCs in the sixth cycle, an increase of 6 countries over the present 21 NCCs. The current IPFs of these six potentially new NCCs amount to $16 million or 0.5 per cent of total IPFs.

68. The 16 potentially new NCC countries mentioned in paragraph 66 have currently built up over $500 million in UNDP programmes in their countries, financed from non-IPF sources. There is some concern that obliging these countries to reimburse their IPFs in the future may diminish the catalytic role served by the IPF resources in such countries, and indeed jeopardize mobilization of resources for the larger programme. If so, as an incentive to such mobilization, the degree of reimbursability of the IPF could be linked to the size of the non-IPF programme. Thus, reimbursability may be waived if the magnitude of the total programme exceeds a certain multiple of the IPF.

SPR and intercountry earmarkings: implications

69. The size of the SPR allocation will be a crucial variable of the sixth programming cycle, as these funds could be used to sponsor, at the country level, innovative, pioneering approaches to development issues of global importance. Similarly, the allocation of resources to intercountry and regional programmes will permit UNDP to support initiatives that are best addressed at regional or global levels, rather than at the country level alone. As experience has shown, regional and global initiatives can lead to the mobilization of large resources for country-level programming.

70. Another approach to resource allocation more geared to thematic funds would not require a priori distribution of resources. Earmarking of funds would occur in line with the purposes of the fund and as needs are identified. However, the Administrator could be requested to maintain a rough equity in distribution of resources to individual countries and regions over a period of time.

VI. SUMMARY AND FUTURE DIRECTIONS

71. It is evident from consultations so far and the discussion in the present report that the structure of the next programming cycle could differ significantly from the previous cycles. It would appear, however, that it should include, at a minimum, the following basic features:

(a) Programme focus on sustainable human development and, within that framework, an increased focus on key development goals and capacity-building and other means in their achievement;

(b) Continuation of the universality principle, by which the participation of all programme countries in UNDP activities is ensured;

(c) Establishment of effective programming and financial mechanisms to mobilize resources to support UNDP programmes in the areas of focus, and for their prudent management; and

(d) Improved criteria for access to programme resources and for their effective deployment.

72. The present report represents a contribution to the continuing and iterative process of establishing the structure of the next programming period. Following the Executive Board's consideration of the conceptual issues and future directions presented here, work would continue on elaborating a number of technical studies, and advancing the consultative process between the Administrator and programme participants. This would ultimately permit the elaboration of appropriate options for each of the major elements of the framework as well as for their combination into an overall structure for the next programming period.

VII. EXECUTIVE BOARD ACTION

73. The Executive Board may wish to:

Consider the issues outlined in the present report and provide guidance thereon.

Notes

1/ The term "sixth programming cycle" is used in the present report to describe any successor arrangements to the fifth programming cycle that the Executive Board may approve for future programming of UNDP resources.

2/ The core resource base for each cycle is "re-based" to 100 and then divided proportionately into its various distribution components. Thus, the dollar magnitude of the cycles and their components cannot be compared.

3/ The present methodology for the distribution of UNDP core programme resources emerged from a considerable negotiation process in the mid-1970s (leading to the second programming cycle). With some modifications, this methodology has continued through to the fifth programming cycle.

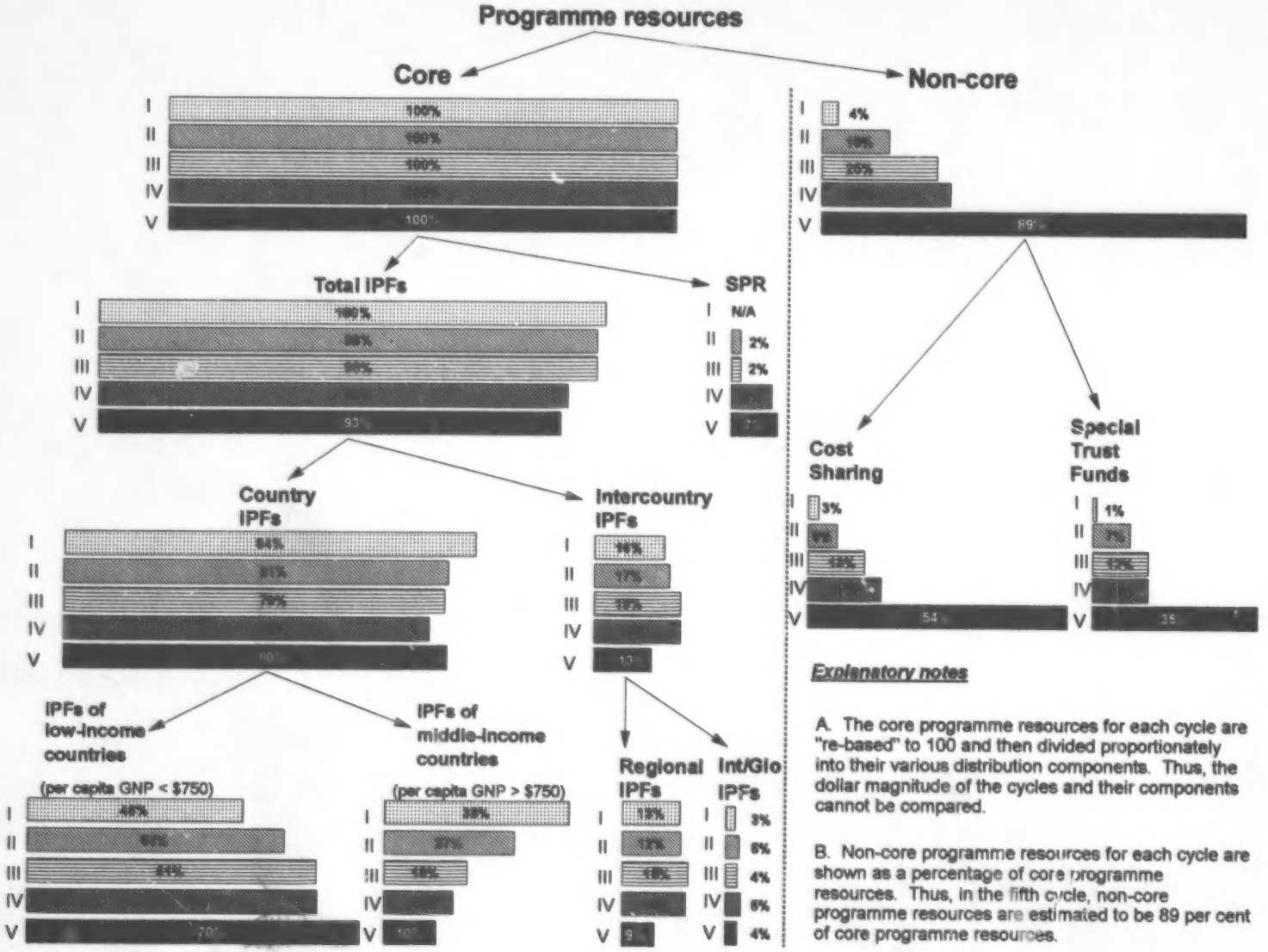
4/ These criteria include the following: least developed country (7 points); land-locked (1 point); island developing (1 point); independent after 1985 (1 point); economically disadvantaged countries in southern Africa (1 point); ecological or geographic disability, or disaster prone (2 points); severely or moderately indebted (2-4 points); terms of trade declined in recent years (1 point); decline in GNP per capita exceeded 30 per cent (1983-1989) (1 point); and economy in transition (1 point).

5/ The cycle-by-cycle percentage share progression for countries below $750 per capita GNP is 46 in the first cycle, 54 in the second, 61 in the third and fourth and 70 in the fifth cycle. For LDC countries, the progression is 28 in the first cycle, 34 in the second, 39 in the third, 40 in the fourth, and 48 in the fifth cycle.

Annex

PROGRAMMING CYCLES

STRUCTURE OF PROGRAMMING CYCLES I - V



Explanatory notes

A. The core programme resources for each cycle are "re-based" to 100 and then divided proportionately into their various distribution components. Thus, the dollar magnitude of the cycles and their components cannot be compared.

B. Non-core programme resources for each cycle are shown as a percentage of core programme resources. Thus, in the fifth cycle, non-core programme resources are estimated to be 89 per cent of core programme resources.

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Programming cycles: Trends in major areas of IPF programming
(per cent share)

Programme classification	*1st cycle*	*2nd cycle*	*3rd cycle*	*4th cycle*	*5th cycle (estimated)*
Development planning	**7.8**	**10.1**	**9.3**	**14.1**	**10.4**
Development strategies and policies	2.2	2.4	2.6	2.5	6.4
Development planning	2.6	4.8	3.5	6.4	6.0
Public administration and management	2.5	2.6	2.7	4.4	5.8
Agriculture, forestry, fisheries	**27.9**	**28.2**	**24.5**	**22.3**	**22.3**
Crop protection	5.5	7.2	7.5	6.2	7.2
Agricultural support services	8.8	7.1	6.3	7.0	7.0
Forestry	3.9	3.7	3.2	2.8	1.8
Fisheries	3.7	2.6	3.2	2.8	3.4
Natural resources	**8.8**	**9.4**	**10.2**	**8.3**	**7.0**
Water	5.1	4.6	5.6	5.5	4.6
Minerals	3.0	3.2	2.8	1.9	1.3
Industry	**9.2**	**10.3**	**12.1**	**12.0**	**10.0**
Support services	6.3	6.3	8.2	9.3	8.3
Manufacturing	2.9	3.9	3.9	2.5	2.2
Health	**3.5**	**4.4**	**4.0**	**4.8**	**6.9**
Promotion and care	3.4	2.4	2.5	2.2	3.4
Disease prevention and control	1.1	1.4	1.6	2.0	3.3
Education	**10.2**	**7.6**	**6.4**	**4.5**	**4.3**
Employment	**6.4**	**6.2**	**5.4**	**6.1**	**6.9**
Policies and planning	0.8	1.1	1.0	1.0	1.0
Mgt. development; vocational training	4.7	4.6	3.2	2.7	2.6
Transportation	**7.8**	**6.5**	**6.1**	**6.8**	**3.7**
Policies and planning	0.7	0.5	0.7	0.8	0.6
Road	1.9	0.9	0.6	1.1	0.9
Water, shipping	1.3	1.4	1.5	1.0	0.6
Civil aviation	3.4	5.6	5.0	3.5	1.5
Trade	**1.8**	**2.4**	**2.8**	**4.0**	**3.2**
Global policies	0.5	0.7	0.8	1.0	0.9
Services, including tourism	0.3	0.4	0.5	1.0	0.8
Export development	0.8	1.1	1.2	1.8	1.3
Communications and information	**5.5**	**5.1**	**4.6**	**4.1**	**2.3**
Postal	0.7	0.8	1.2	1.0	0.4
Telecommunications	4.3	3.7	2.9	2.3	1.2
Science and technology	**3.4**	**3.7**	**5.3**	**4.8**	**2.8**
Meteorology	1.9	1.6	1.9	0.9	0.4
Development and transfer of technology	1.2	1.7	2.9	3.4	2.2
Human settlements	**1.6**	**1.5**	**1.1**	**1.4**	**3.1**
Settlements	0.2	0.3	0.2	0.3	1.4
Urban development	0.2	0.2	0.3	0.7	1.4
Other	**3.8**	**4.8**	**5.0**	**7.2**	**9.2**
Total	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***